

# THE PROGRESS OF THE WORLD

BY ALBERT SHAW

The public girds itself for a political fray which involves more vital issues by far than ordinary party preference.

THERE ARE many American citizens who care more for the country and its welfare than they do for the voting aggregations that we call the Democratic party and the Republican party. These citizens in great numbers were troubled a few weeks ago over the advent of what we call a "political year". Business was increasing in volume, and there were signs of a safe return to normal conditions. The thing they most feared was the impending struggle to control the powers and emoluments of the federal government for another four years. They did not like to say that they wholly distrusted political parties, and—worst of all—that they had lost confidence in the Government itself; but thousands of them were in that state of mind.

When, however, with Congress opening on January 3, the plunge was taken into the nation-wide political scrimmage of ten months, the shock was not so depressing, nor was the prospect so disheartening. Presidential elections had always been our roughest but manliest outdoor game. With women suitably arrayed for their share in the struggle, the game becomes a little less boisterous and much less "dirty", but it always grows fast and furious as the months of campaigning go by, and it is not an unhealthy occupation for our assertive citizenry.

In 1932 the popular vote for Franklin D. Roosevelt was 22,821,857. The vote for Herbert Hoover was 15,761,841. This Democratic victory swept a huge majority into the chamber of the House of Representatives, and gave the Democrats ample control of the Senate. But mark the contrast in the honors of our political Olympic between 1928 and 1932!

The Democrats in 1928 were fight-

ing Prohibition, with a New York City candidate whose Tammany background encountered Southern prejudice. Herbert Hoover had been a popular figure at home during the war period. He had fed the allied nations, and had relieved world-wide distress when the war was over. He was the candidate, regardless of party, of the typical American household. He carried, first, the Republican convention, and then swept the Democratic Southland. Hoover's popular vote in 1928 was 21,392,190. Alfred E. Smith's vote was 15,016,443. The total vote in 1928 fell a little short of 37,000,000. The total vote in

1932 was almost 40,000,000. These totals, of course, include votes cast for candidates of several minor parties.

In most of the states this coming November we are electing governors and other state officers, and members of legislatures. In all the districts of the country we are electing members of Congress, and in one third of the states we are electing United States Senators. In several thousand counties and in much larger numbers of municipalities and townships we are electing tens of thousands of local salaried officials, for places that are eagerly sought by many citizens. Proceeding from these local units of self-government to the state governments, and thus to the national government, not less than 1,000,000 desirable appointive jobs—in addition to the elective places—are involved directly or indirectly. Many believe that this contest is to mark a turning point in our history.

Swings of the pendulum show plainly that independent voters decide our elections.

It is often said with reproach that the Democratic and Republican parties are dominated for their own selfish objects by the army of place-holders on the one side and the army of place-seekers attached to the party that is out of power. But if this were true (and we may as well admit that it is true in part) it cannot be shown that the place-holders or the place-seekers really determine the results of the quadrennial competition at the polls. The wide swings of the pendulum show plainly that the independent voters hold the balance of power. They decide first for one party then for the other. Thus the vote for Roosevelt was more than 50 per cent greater, after only four years, than the Democratic vote had been in 1928.

The loss of votes for Hoover was chiefly, but not wholly, caused by the

return of Southern voters to the Democratic fold. In spite of the seeming preference of the voters for the Republican party, the ground swell had in fact been indicative for several years of an impending change.

Reaction from President Wilson's adventures in war and world leadership had resulted in the Republican victory in 1920. Harding's election had nothing to do with his personal hold upon the voting public. Policies alone were at stake. The defeat of Cox in that year came in the face of his gallant and sincere campaign urging Americans to endorse and join the League of Nations. The popular verdict was clearly in favor of our keeping out of the League, and in condemnation of the Peace Treaty that Mr. Wilson had brought home from Paris. This was a genuine referendum, and was so accepted.

The candidates stood on platforms that meant what they said, and (whether you like it or not in the retrospect) the United States voted against the settlements that the victors had made at Paris and had compelled the Germans to sign at Versailles. It was a definite verdict. In this respect it was like the closer decision that the country had given in 1896, when McKinley ran on a gold platform and Bryan fought for free coinage of silver at a sixteen-to-one ratio with gold. In 1900 Bryan once more went to the country with his platform repeating its free-silver plank, in addition to which were sweeping resolutions condemning our annexation of the Philippines, and deploring the general results of our war with Spain.

Here again we had a clear referendum upon questions of magnitude about which intelligent citizens had honest convictions. The country was in an expansive mood. It was arranging to build the Panama Canal. It was setting up Cuba as a republic. It thought we had a noble mission across the Pacific because the English told us so. We were obliging our British friends (whose praise was dear to us) by protecting their Far-Eastern empire from the dangerous designs of Germans and Japanese. Whereupon the country refused to heed Bryan's warnings against imperialism, and McKinley was again elected. He was shot by an assassin only a few months after his second inauguration.

Theodore Roosevelt's reforming energy and his personal hold upon the country carried the election of 1904. The West was with him, against the conservative Democratic candidate, Judge Alton B. Parker of New York. Trusts and corporations were under criticism in those days.

### Facing the Issues

In 1908 the radical wing of the Democratic party persuaded the conservatives that Bryan's trip around the world had broadened his horizons; and so the Nebraska "Commoner" was nominated for a third time. But he had unexpectedly declared for the national ownership and operation of railroads. The country again faced what seemed to be clear issues, and decided in favor of the safe and well-balanced Mr. Taft.

But a stiff-necked Republican Congress, under pledge to reform and reduce the tariff, actually revised it upwards instead of downwards. President Taft—naturally liberal and progressive—made a fatal decision. He repudiated his progressive friends, who could not vote for a tariff bill that he also disliked while he felt obliged to accept it for party reasons.

Roosevelt, returning from a year abroad, reluctantly allowed the seceding Progressives to put him at the head of a third-party ticket. The Republican breach would have given the election to any nominee of the Democratic convention. Champ Clark of Missouri, Speaker of the House, had led in the Democratic primaries, but Bryan's tactics and platform oratory at Baltimore resulted in the unexpected nomination of Woodrow Wilson after days of convention balloting under the two-thirds rule. Wilson had recently left a long and brilliant academic career, and had been elected Governor of New Jersey by virtue of a wide-open Republican split among the Jersey leaders.

### Above the Party Bosses

This rapid recital is intended to remind citizens—especially the millions of younger men and women who are not yet experienced in the crises of politics—that the voters in presidential years have usually recognized something more at stake than the mere rivalry between two great party machines.

Far be it from us to say that the popular verdicts have always been sound enough to convince posterity that the voice of the people is the quintessence of wisdom. But we are giving emphasis to the point that there is fundamental reality in our system of popular government. The party machines have had to face the ordeal of public opinion, with enough voters of good conscience and high patriotism to check the party bosses and machines, and to make the politicians adopt the pretense of good behavior. The voters have actually considered principles and specific questions. They have in due time held the government in proper subjection to the national verdicts on election day.

Proof of the ability of the voting public to make and enforce decisions could easily be presented in further election statistics. We have given the figures for the last two elections, and it will be enough, perhaps, if we set down those of 1920 and 1924. The total vote in 1920 was approximately 27,000,000. Harding's vote was 16,152,200. That for Cox was 9,147,350. The minor tickets received, let us say, something more than a million and a half, nearly a million of these votes going to Debs, the Socialist candidate.

In 1924 Calvin Coolidge, who as Vice President had entered the White House before Harding completed his single term, received 15,725,000 votes, out of a total of 29,091,400. John W. Davis, the Democratic candidate, polled 8,386,500. But Senator LaFollette of Wisconsin, run-

ning on a third ticket, took 4,822,800 votes from the major parties. Western progressives regarded Mr. Davis as too much like Mr. Coolidge in his attitude toward business and financial policies, although doubtless Mr. Davis had the broader outlook.

While under our complicated mechanism of the electoral college it is possible to choose a President without a clear majority of the popular vote, this does not often occur. The verdict is usually emphatic one way or the other, because the two-party system has dominated, and minor parties have not turned the scales. A notable exception was the election of 1912, where the total vote was a little more than 15,000,000, with Wilson receiving 6,286,000, while Roosevelt and Taft together polled 7,610,000, with minor candidates accredited to the extent of about 1,135,000. If Taft and Roosevelt had both stepped aside in 1912 in favor of a compromise candidate like Hughes, the result might have been different, because certain Democratic elements also were deeply disaffected.

But popular feeling was too much for party machinery in that turbulent year. When in 1916 the Republican split was healed, with Hughes as the joint nominee, Wilson had the advantage of being in power. Moreover, the West was persuaded that the only way to keep out of the European war—which the West dreaded and hated—was to vote for the man who had thus far "kept us out", and presumably always would! The total vote was 18,387,000, of which Wilson received slightly less than half (9,129,600). A local fight had divided the Republicans of California, and the bolt in that state alone defeated Hughes. It was a close contest, and the machinery seems to have thwarted the popular will.

### Public Opinion Rules

Toward what end do these comments lead? We are dealing in the realm of facts, in order to impress certain observations. If the facts prove anything, they show that the politicians seldom take the ultimate verdicts away from the people. This truth justifies independence of thought, speech, effort and action in election years. Even when the party machines themselves seem under most perfect discipline and control, clouds on the horizon that appeared small at first may increase with rising winds of protest till great storms burst, to alarm the managers and disrupt the smooth convention plans.

In years of national danger or economic disaster, the Government—entrusted to a political party—may have a plain mandate to deal with

the crisis, while criticism and opposition are suspended by common consent. But if that mandate is not carefully and wisely exercised, no party leadership can long suppress the agencies of free speech and a free press. Public opinion will begin to

assert itself. Suddenly the all-powerful machine that controls the Government, while also it keeps the local leaders of the ruling party rewarded and obedient, discovers discontent and reaction outside of the party organization.

## New Dealers now face a public worried by extravagance and by Farley methods.

Such revolts begin among the people who think for themselves and vote independently. Until half a year ago it seemed wholly certain, on the face of things, that Mr. Roosevelt would be renominated by acclamation, and that he would run on a platform of his own construction. Although less certain, it seemed highly probable that his close political associate and trusted party manager James A. Farley would easily carry the election, by methods that (to quote his own frank admission) would bring about "the dirtiest campaign in American history".

But one test after another began to show that Mr. Farley's control of the wider public was not so well assured as he had believed. It was not the Republicans who were producing the reaction and enticing voters away from the alluring promises of the New Deal. Rather, it was the force of non-partisan public opinion. Citizens were frightened by reckless extravagance, shocked by the tangled web of new bureaucracies, and disillusioned by the failure one after another of the improvised experiments at Washington.

New England, that the Farley Democracy had won so handsomely in 1932 and 1934, was hopelessly lost in the tests of 1935. Farley lost the New York Legislature, and Ohio changed its political complexion.

When \$5,000,000,000 was voted last year by a subservient Congress as a sum to be spent at once, without check upon the President's personal discretion, all the political cynics declared that nobody would assassinate Santa Claus. It is established etiquette to hold that the President of the United States, like the British King, can do no wrong. Mr. Roosevelt's official position and personal popularity continued to shield him.

But Mr. Farley, retaining for political reasons the great administrative office of Postmaster General, was also keeping firm grasp upon his chairmanship of the National Democratic Committee and his chairmanship at the same time of the New York State Democratic Committee. No etiquette protected Farley's brand of politics-

in-government and government-in-politics from the sharpest kind of attack. He was assailed on all hands for the political uses that the Administration was making, in every state and community, of the largest sums of public money ever entrusted to any official of any country in all the history of the world.

Note the paradoxes and contradictions. Farleyism and slush funds cease to be assets, and become heavy liabilities when our healthy American winds of public opinion blow against them. These things are not to the President's credit; and if he is to be reelected—as still seems likely enough—it will be in spite of "stratagems and spoils", and such methods as his manager, rightly or wrongly, is credited with employing.

All sensible people know that such expenditures as have recently been made can be met only by burdens of debt and taxation that will hamper the country for many years to come, or else by repudiation *via* inflation. The Republicans, who had been fairly acquiescent while the so-called New Deal seemed to promise cures for all our troubles, fell into tune with the changed chorus of public opinion when one experiment after another came to disaster. But Mr. Farley continued to sneer at the Republicans, and to boast of his firm control of the Democratic party west of the Alleghenies and south of the Potomac, where entire populations were said to be still willing and eager to surrender once-cherished doctrines and principles for immediate cash benefits.

## Constitution to the Fore

Perhaps discord and reaction went too far in 1912 when the temporary wreckage of the Republican machine displaced public men of experience, and placed national authority in the hands of an accomplished scholar whose remoteness from the world of hard realities had failed to toughen the fibre of his practical judgment. Experience is an amazing teacher; and the man who can profit by his

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**PLANS**

The big guns of the Democratic National Committee, Postmaster General Farley and Emil Hurja (left), in action.



mistakes may rise on the stepping-stones of futile performance to new and substantial glories. Can he shake off bad advisers? Can he turn to the wise and sensible leaders of his party? Can he awake from iridescent dreams, and go about his practical job?

When Congress lavished upon Franklin D. Roosevelt a range of powers which it had no authority to confer and that he could not legally exercise in his capacity as President of the United States, we were simply suspending the Constitution all along the line. We were adopting the English system, where Parliament does what it pleases on advice of the Cabinet, and the Ministers of the Crown take upon themselves whatever range of authority the Parliament may choose to grant.

But when this extra-constitutional system was challenged on legal grounds the federal courts brought the American Constitution into evidence again. The country had to make another decision, expressing itself in such ways as were available. At first the so-called New Deal angrily challenged the Constitution and the courts. Its adventures had gone far afield, and interruption gave it painful shocks. But so strenuous was the public demand that the country should return to its normal kind of government that there could be no doubt as to the result. The American public is for the Constitution and the Courts; and its decision will hold.

### No More Personal Rulers

This does not mean that Mr. Roosevelt will be rejected by the voters at the polls next November. But it does mean that the country will elect a Congress prepared to resume its normal place in our system of government. It means that a President, whether Roosevelt or some other man, will be elected who will see clearly that he must give his time and effort to the job of being President. He must renounce the idea that he can take upon himself the responsibility for a thousand things—or a hundred thousand acts of his personal subordinates—that lie in another realm, quite outside of the prescribed duties and functions of the presidency.

It does not seem to us that this fundamental issue can henceforth be obscured. It must be faced openly. If we are to have a personal government supported by an elected national assembly that declines to function within the limits of the Constitution, let us not evade or minimize the question at stake. Probably 42,000,000 votes will be cast in November. We may be sure enough that each

party will hold a minimum of 16,000,000, regardless of platforms or candidates. Among the remaining ten millions are several million independent voters, and they will decide the contest.

If the latest indications are to be relied upon, the informal verdict of the country will be heeded to a great extent before the formal decision is made at the polls next November. The present Congress was elected on the pledge to support the President and his policies and ask no questions. The President ordered Congress to pass bills, regardless of their apparent unconstitutionality, and Congress obeyed. But when Congressmen meet their constituents in the approaching campaign they will have to turn squarely about. They will be sharply interrogated. They will promise to respect their oaths of office. They will pledge themselves not to obey, without question, the orders of any man who assumes to be a personal ruler.

A few months ago the New Deal cohorts were valiantly proposing to face the situation aggressively and to change the Constitution, (1) by destroying the reserved power of the states, (2) by changing the character of the federal courts, and (3) by conferring upon Congress the right to perpetuate the dictatorship and the new bureaucracies. Already the clear winds of opinion have destroyed this flimsy castle of dreams. The country will support the Constitution, the sovereignty of the states, and the position of the federal courts. We do not believe that this profound issue can be held in suspense while the country awaits the balloting of November.

The acid test will come with the adoption of the Democratic platform in the middle of June. It is true that the electoral campaign must be carried on by the Democratic and Republican organizations. Liberty leagues, chambers of commerce, labor unions and farm bodies are no substitute for the sort of work that

party committees will do after the conventions name their tickets and adopt their platforms in June. But it would be the height of folly for politicians to disparage bodies of interested or disinterested citizens, who are trying to instruct public opinion for the guidance of both political parties.

### That Forgotten Platform

When Alfred E. Smith made his Liberty League speech on January 25, he addressed the audience and the country not as an independent but as a leader of the Democratic party. He did not say that he would oppose the renomination of President Roosevelt. But he said that there were questions that must be answered, and that only one man could explain the disregard by the Administration of the platform of 1932. The answer that Smith demanded could be given in smooth and plausible phrases, however unconvincing; but also it could be given in a much more satisfactory way, without argument or discussion, by actions that would speak for themselves and need no interpretation.

The NRA was an effort in good faith, but it had failed regardless of the unanimous decision of the Supreme Court. The AAA happened to reach the highest court on legal points that involved power to tax particular industries to provide a subsidy fund for favored localities and selected beneficiaries. Three members of the court were in doubt, and would not adhere to the decision of the majority. But other cases relating to AAA were on their way to the Supreme Court and these would have involved the compulsory features of the potato law, the tobacco act, and the system of cotton control. No one could well doubt the necessity that would confront the Court of reaching a unanimous decision against those arbitrary systems of control.

## The fall of AAA once more opens up the question of what to do for agriculture.

President Roosevelt, however, was aroused to the fact that he also had the veto power over his own experiments. On February 3 he asked Congress to take those enactments off the statute books. He was obeyed with promptness and virtual unanimity. On the following day the President gave orders to various loan agencies to diminish their activities

and to "write off" about one billion dollars of unemployed credits. No one questioned the legality of these lending methods, but the President was giving private enterprise an occasion to understand that he regards recovery as advancing, with less federal financing required for home building and other desirable objects.

Nobody who believes in justice and



fair play ought to subject President Roosevelt to harsh criticism for the collapse of the farm programs that were undertaken so daringly, but so hopefully and with such good intentions by the Administration. They were not partisan policies. They stemmed from all those earlier efforts and proposals upon which farm leaders and the farm bloc in Congress had toiled and labored ever since the break-down of prices soon after the Great War.

Farm prices actually have been advanced, and the policies of restriction and control have seemed to be successful in some respects, tobacco for example. Secretary Wallace and Administrator Chester Davis have stood to their guns like the immortal Greeks at the pass of Thermopylae, and have been willing to sacrifice themselves for the cause of farm homes and rural prosperity. There is no better cause, and the President has it at heart. But with our forty-eight states almost infinitely varied in their climate, products, resources and methods, it was impossible to apply a system of control at Washington that could deal on fair and even terms with the millions upon millions of farm families from Maine to Florida, and from Ohio to the Pacific coast.

### What Hoover Would Do

Herbert Hoover has been making some remarkable speeches, not on the level of what Farley calls "dirty politics" but upon principles and policies, from the standpoint of the best-qualified critic in the country. In a half hour's talk at Lincoln, Nebraska, on January 16, Mr. Hoover analyzed the AAA policies. He would not be content with mere repeal, disregarding the plight in which farmers might find themselves. "A new program", he said, "is necessary. It is now in the making. The nation has a right to insist that it must be effective, and it must be based upon sound principles." He admits the need of restoring farm prosperity, but he is opposed to the restraints of collectivism. He condemns "those ideas of production control that revolve upon planned scarcity, instead of the plenty upon which America alone has made progress."

The ex-President pointed out the injustice of the processing taxes; he showed that the immense public debt will rest, in large part, as a super-mortgage on all the country's farms; he challenged the contention that the improvement of prices has been directly due to restrictions and bounties—and we think he proved his case. What remedies does Mr.



**AID** Chester Davis, administrator of the AAA; Secretary Wallace, and Senator E. D. Smith, consider plans for replacing AAA.

Hoover favor, as he seeks to give hope and contentment to the farm population? First, he would increase consumption of food by restoring employment. This means a balanced budget, stable currency, protection of the home market, and national policies to expand reasonable export markets. Next, he would retire "sub-marginal lands", following the plans proposed by Secretary Hyde in 1932. He would hold back new reclamation projects until the land can be used. He upholds farm-credit machinery as begun by the Republicans and improved by the present administration.

Mr. Hoover does not believe that we can at once give up a program of beneficial farm policies at the expense of the Treasury. He would restore depleted soils by methods that are well understood, and would subsidize crops not now produced in sufficient amounts, thus adding new sources to farm incomes and increasing the national wealth. All these things he would do without impairing the liberty of farmers to act for themselves, although he would not allow them, it is obvious, to destroy our heritage of productive land by ruinous methods. In an article in the December number of *The Country Home*, written by its editor, Mr. Wheeler McMillen, a new plan to create farm wealth is advocated that deals more specifically with the kind of proposals endorsed by Mr. Hoover in the Nebraska speech of January.

Subsidies are hard to administer wisely and fairly, but they may not be harmful if granted for good reasons. We subsidize the education of children, taxing everybody whether they have children or not. We subsidize all sorts of agencies of public health, and do not expect im-

mediate beneficiaries to pay the price. When we seem to subsidize industries by protective tariffs, we do it to uphold American wage standards, and to create consuming markets for our own farm products. We subsidize merchant shipping for broad reasons of national policy. We subsidize aviation through mail contracts because we think this plan is related to national defense.

### Helping the Speculator

The chief fault with the AAA plan of distributing bounties and subsidies has been constantly mentioned in these pages, but is usually overlooked. That plan diverted attention by pretending to be a policy for farmers, whereas in practice it was something largely different. Farming is a mode of life, and the historic basis of our best citizenship. We have many millions of farms and farm families and they must be maintained. The AAA dealt with commercial producers of particular crops. It gave its largest checks to people who were not farmers in the usual sense, but speculators in land and in commodities. It talked about the evils of soil erosion, and then gave subsidies for the encouragement of the devastating methods used by speculators who were squandering the original fertility of new soils, by raising wheat and other single crops on a large-acreage scale, with powerful machinery and with transient or vagrant labor.

Similar statements have been made repeatedly in these pages and read by hundreds of thousands of people, and have stood uncontradicted. The cost of the scheme of subsidizing the regions and individuals that had been responsible for

surplusage of crops and for low prices, has been met by sales taxes on bread and meat and clothing of from 25 to 30 per cent. Every working-class family, and every poor farmer in the country, has been paying the bills in order that Henry Wallace might distribute checks to the very people who have been destroying soils and wrecking agriculture.

### Take a Look at Kansas

Kansas is a typical state, with excellent standardized farming in the eastern counties but with insufficient rainfall and speculative wheat production in the great expanses of the western half of its 82,000 square miles. It has 166,000 farms, averaging about three hundred acres apiece. But the established farms of the eastern counties are probably of half that average size, while the holdings in the western half of the state would average several times larger. The contracts of Mr. Wallace have had small effect in Kansas as compared with weather changes. The wheat crops of 1931 and 1932 averaged somewhat more than 200,000,000 bushels, from 13,000,000 wheat acres (in round figures). But in 1933 Kansas produced only 57,500,000 bushels from about 6,774,000 acres. Under stimulus of AAA bounties, acreage in 1934 increased to 8,669,000, and the crop was 79,700,000 bushels.

The shrinkage of the Kansas wheat crop was caused by extreme drought and other adverse natural conditions. But the wheat producers were paid by the people of the entire United States, through Mr. Wallace's Department of Agriculture, on the basis of the large acreage and production of the bountiful years. Thus Kansas producers could defy drought, accept their immense subsidies, and renew their faith in miracles. The Kansas corn crop in 1932 was 136,200,000 bushels from 7,362,000 acres. The report for 1934 gives 10,576,000 bushels, from 3,077,000 acres. In the face of such fluctuations, the corn-hog and wheat subsidies—in almost incredible sums—would seem like a challenge to Providence. There are millions of farmers in the East who have had not a penny of subsidies, and who have been paying their part of what amounts to crop insurance, or indemnity for the benefit of wheat growers in the semi-arid belt. That such a scheme would have been proposed by sane men, who could stand on their feet and pretend to justify so glaring a measure of injustice added to futility, seems incredible. In comparison, the Townsend plan might appear almost rational.

There are men in Kansas who are not afraid to analyze this sort of

thing, and to denounce it as ruinous in the end to our farmers themselves. One of these is Mr. Dan D. Casement, a practical farmer and perhaps our best-known authority upon cattle and livestock, always a clear-thinking and courageous citizen. He believes in no subsidies at all for agriculture. But we think his views of freedom for farmers might be reconciled with a policy that defines soil maintenance as essential, and considers farming from the standpoint of the conservation of rural life.

Before the Civil War the exploitation of new soils in Alabama, Mississippi, Louisiana, and Arkansas, with land and cotton speculation under the slavery system, brought the United States to the brink of destruction. For many years the Southern planters had dictated policies at Washington. In recent times the exploitation of new soils on a speculative basis in the Western half of the country has disturbed agriculture in the established farm states east of the Dakotas, Nebraska, Kansas, Oklahoma and Texas.

### Farmers or Lobbyists?

We are not blaming western producers; but we will not allow certain "farm" lobbyists at Washington to confuse us when we distinguish between commodity speculators and actual farm families. It would seem a pity that the real farmers of the country have had so few intelligent spokesmen who could present their case at Washington. New York alone has more farmers than North and

South Dakota taken together. Pennsylvania has more farm families than Kansas. North Carolina has by far more farms and farm families than Iowa, although its acreage of harvested crops is much smaller. Georgia alone has considerably more farms and farm families than the aggregate of all the eight mountain states—Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah and Nevada. The fundamental problem is the welfare of the farm families, whether on the old soils of the East, or on the new soils of the pioneering states of the West. Uncle Sam should think of them all, with equal concern.

### Consider the Consumers

But Uncle Sam should also think about the consumers and their just rights. The states themselves should be bolder and more definite in their farm policies. New York and New England should subsidize the dairy farmers directly or indirectly. Milk production should be stimulated, alike for producers and consumers, the farmers should be properly paid; but subsidies should chiefly apply to the object of providing abundance of good milk for infants and young children, whether through the public-health and school administrations or by some other method. Let us forget carping and partisanship in these matters that relate to human welfare. But also let us expose evasion, turn the spot-light on the hard-boiled lobbies, and produce a policy that the best minds at home and abroad would regard as humane, constructive, and scientific.

## Revolt threatens the Democratic party while Republicans consider candidates.

President Roosevelt does not believe that the progressive principles upon which he takes his stand can be worked out successfully on short notice. If we should say that he thinks we must make allowance for experiment and adjustment over a period of from five to ten years, the remark would probably stand approved. It would be impossible to break away from the oversight and control of these matters by state and local agencies. Our agricultural colleges and experiment stations are the permanent centers through which long-range policies must be administered. When the dust of this year's political campaign settles down after the excitements culminating in November, we should be able to take up all such questions in a compara-

tively non-partisan atmosphere. The Seventy-fifth Congress will be better balanced than the present one. Whether Mr. Roosevelt enters upon a second term, with a reorganized cabinet, or we have a Republican Chief Executive, the government will doubtless try in 1937 to profit by the lessons of its distressful years, and to recover from its over-heavy indulgence in spending orgies.

Meanwhile, we have politics on our hands and the young voters, women as well as men, should step out and take a vigorous, determined part in the business of running the mechanism of our successful democracy. The primaries are close at hand. That of New Hampshire is announced for March 10. In April the nominating contests occur in five of our greatest



**VANDENBERG**

states: Wisconsin and New York will be naming their delegates to the conventions on April 7; the Illinois primaries are on the 14th; those of Massachusetts and Pennsylvania are near the end of the month. Many other states hold their party primaries in the month of May.

Thus far there have been no disagreeable phases of rivalry for the Republican nomination. Col. Knox and Senator Vandenberg are still regarded with approval among many Republicans. Last month we published an extended appreciation of Senator Dickinson of Iowa. In the present number a man of affairs—himself of the type of Americans who can think and take responsibility—gives us a sincere estimate of the personal qualities of Governor Landon of Kansas. A speech on national issues delivered on the seventy-fifth anniversary of the admission of Kansas as a state placed Governor Landon in a prominent position as a possible Republican nominee. It does not now seem likely that rivalry in the Republican convention will be over-strained, as it was in 1912 and 1920. The issue lies elsewhere.

### Outside the Fold

Alfred E. Smith is not the only leading Democrat who criticizes the present administration for its alleged disregard of the policies set forth so precisely in the platform of 1932. Former Governor Ely of Massachusetts and Hon. John W. Davis, Democratic candidate in 1924, are among the leaders whose comments have been as unsparing as those of Mr. Smith. In Louisiana recent tests have confirmed the control of the state by the followers of the late Huey Long. The sudden death of Governor Allen made a change in the line-up of the leaders, and the new Governor last month appointed the widow of Huey Long to serve

as Senator during the remainder of the present term. The Louisiana delegates are not likely to support Franklin D. Roosevelt in the Philadelphia convention.

Governor Talmadge of Georgia last month summoned Democrats of surrounding states to join in an informal convention to promote the intense opposition of Talmadge to the present administration, and to give him some standing before the country as a rival candidate for the presidential nomination. But Mr. Farley's National Committee would probably seat a contesting pro-Roosevelt delegation from Georgia—perhaps also one from Louisiana. As regards full endorsement of the ticket of Roosevelt and Garner at Philadelphia, we have discovered no serious doubt in any well-informed direction. However, as we remarked at the beginning of these comments upon the current situation, the Democratic platform will not be adopted without close scrutiny.

Can the Democrats now convince the country that they will keep their platform promises if they are given another four years of full authority? Naturally Republicans will answer this question in the negative. Independent voters will expect the long-awaited answer, that has not yet come from high quarters. Will the Democratic convention make its own platform? Who wrote the platform of 1932, upon which the party took to itself so much credit for clearness and sincerity? Every intelligent voter in the United States this year will watch to see whether the Democrats can submit to self-criticism, make an honest platform, tell the truth, and take the consequences.

### Unpredictable Borah

Presidential aspirations always appear in unexpected places in the early months of an election year. This year's chief surprise thus far has been the announcement of Senator Borah, of Idaho. He emerges as a Republican candidate, and challenges the so-called "Old Guard" in New York and elsewhere. There is no definition of "old guard" that the ordinary Republican voter is able to understand. Historically, the distinction dates from the party split in 1912. Old Guard Republicans are supposed to be those who supported Taft. The "progressive" Republicans are those who supported Theodore Roosevelt. But the breach was closed long ago, and has no significance this year. Curiously enough, Mr. Borah, whose political record is not as well known as it might be, switched away from the progressive elements in 1912 and lined up with the "stand patters." This was an unwelcome surprise to

Theodore Roosevelt, but Mr. Borah was finishing his first term in the Senate, and he found that Republicans of Idaho were strongly for Taft rather than for Roosevelt. Wilson barely carried the state against Taft, but Borah rode the storm and achieved his second term in the Senate. On the record, Borah is himself "Old Guard," if anybody is.

### Sometimes on the Fence?

Idaho is a young state that thinks and acts for itself. Hating war, it voted strongly for Wilson against Hughes in 1916. Considering itself betrayed by Wilson who took us abroad on high adventures, Idaho turned about and gave Harding an overwhelming majority in 1920. So strong were its Republican sympathies in 1924 that Idaho gave Coolidge almost three to one against Davis. In 1928 it gave Hoover almost two to one against Smith, with Borah ardently for Hoover. He had kept his Senate seat by re-elections in 1918, 1924 and 1930. But after the depression the tide in Idaho was changing rapidly. It gave 109,479 votes for Franklin Roosevelt in 1932, and 71,312 for Herbert Hoover. Mr. Borah made the swing safely with his state as in 1912. He supported the Democratic ticket, and has since then been accounted a pro-Roosevelt New Dealer, although from time to time he has acted frequently in his favorite role of independent third party, and is now proclaimed a "liberal" Republican.

Mr. Borah's new Democratic colleague, James Pinckney Pope, went to Idaho in 1909 as a scholarly young lawyer, educated in his native state of Louisiana and at the University of Chicago. Already he has made his mark as an able Senator and a consistent supporter of the administration. Mr. Borah's term is ending, and it will be filled at this year's election. An ambitious and popular

**KNOX**



Democrat, Governor C. Ben Ross, wants the place. Will Mr. Borah support the ticket to be named by the Republicans at Cleveland early in June, or will he support Roosevelt, and try to keep his Senate seat? They are wondering about this in the state of Idaho, where they are always proud of Mr. Borah's reputation as an intellectual giant and a Websterian orator. But they also think that

this may prove a disappointing year for politicians who sit on fences, waiting to see when and where to jump. At the present time the Townsendites are astonishingly strong in Idaho, and they may find Ross bidding higher than Borah. Borah's offer of perhaps sixty dollars a month for old-age pensions seems to make no appeal to the uncompromising advocates of the two-hundred-dollar figure.

## Plans to preserve strict neutrality reflect the nation's uncompromising desire for peace.

Senator Nye's Committee brought to light much information regarding American activities during almost three years of our professed neutrality from the summer of 1914 to the spring of 1917. In war time, belligerents respect nothing but military and naval strength. Our government protested constantly and bitterly against violation of our neutral rights by the English and in less measure by the Germans; but we took it out in hard language, refusing to pay for an adequate navy or to provide munitions for an army. Thus we were drawn inevitably into the sympathetic arms of those belligerents who commanded the seas, and who were in position to give us large orders for war supplies of all kinds.

We do not yet know what really lies behind the Ethiopian adventure of Italy under Mussolini's dictatorship, as regards understandings between Italy and France, and jealous dickerings over the respective claims of Great Britain and Italy in north-eastern Africa. We do know, however, that fifty countries, having no imperial game to play and acting with manifest sincerity, have agreed that Italy's invasion of Ethiopia has been an act of unjustified aggression. The British people (as distinguished from certain proponents of imperial policy) are in full and honest sympathy with the half-hundred governments that have denounced the employment of aggressive warfare as a means of gaining territory and resources.

### Freedom of the Seas?

The people of the United States, like the great majority in England, Scotland and Ireland, are in sympathy with the expression of world opinion against a needless war. Whether or not the League of Nations should have succeeded in placing an efficient embargo upon the petroleum supplies that Italy needs, we should not be too ready to say that the League has failed. Its atti-

tude in this particular matter is of high moral value. The League lacks the machinery for proceeding directly to enforce peace. But Geneva can discover and broadcast public opinion; and it would seem to many people that the Italian project must now fail, or come far short of its original plans and purposes.

The subject of neutrality, which was always difficult in practice regardless of its theoretical place in international law, finds fresh confusion in the changes that have come about during the past twenty years. The people of the United States do not believe in war, having had an experience of the folly and futility of becoming embroiled in other people's affairs across wide oceans. They are beginning faintly to understand the circumstances and influences that made us abandon neutrality in 1917. Shall we, henceforth, try isolation? Shall we adopt the contrary plan of joining other countries in collective methods to prevent war? Shall we depend upon old-fashioned neutral rights and so-called "freedom of the seas?"

In the first case we must shut off profitable trading, direct or indirect, with belligerents. In the second case, we must join the League of Nations, or at least support the League when we think it is pursuing the right course. In the third place, we must have enough naval equipment and enough military airplanes to make our position respected. The present Congress has been debating these alternatives most earnestly, its preference being for embargoes and business sacrifice rather than for murdering our boys and bankrupting our government.

The Administration has seemed in doubt, but now prefers to postpone the subject until next year. Meanwhile, it is reported that President Roosevelt wishes to call a Western-Hemisphere Conference, to meet perhaps at some capital in South America. A Pan-American accord on war,

peace and neutrality, further extending present agreements, would seem desirable. Such questions are well presented in certain recent volumes by capable writers. Mr. Herschel Brickell, who contributes our monthly review of books, comments upon some of these new volumes in the present number.

Any expression of genuine feeling throughout civilized countries, on an occasion that provides fitting opportunity, may be regarded as an encouraging symptom. There is enough good-will in the world to keep the peace, if it can only be organized and utilized for that purpose. The death of King George V furnished one of these suitable occasions for attesting world-wide sentiment. Expressions of affection and grief in the realms where George was recognized as Sovereign were genuine, and as nearly unanimous as possible. In all other countries the press sounded the keynote of respect and esteem.

### A Royal Balance-Wheel

More than twenty-five years ago, when King George ascended the throne, there was a crisis between popular government as represented by a large majority in the House of Commons and traditional authority as represented in the hereditary House of Lords, with its power to block and veto progressive movements. King George made a decision that was far-reaching. He took the popular side, and made the Crown even more than ever before a balance-wheel in critical times—not to obstruct progress but to smooth its pathway. Other thrones tottered and fell in the violent changes of the war period, but the royal house of England was not imperiled for a moment. The Irish people in their painful struggle for the rights of nationality would like nothing so much as to be good neighbors, loyal friends and faithful allies of Great Britain.

The new King has acquired in rare degree what Dr. Lyman Powell calls the "human touch". He has learned that influence and good-will are better agencies in this new time than arrogant force. He knows most parts of the world by much travel and experience, and he knows Canada and the United States especially well. We are fortunate in securing for our readers this month an estimate of the position and qualities of Edward VIII from the pen of our esteemed Canadian friend, Stephen Leacock. This eminent author has made a double reputation. He is a high authority in all that pertains to government and politics, and he is also a connoisseur in the mysteries of what we call human nature.



## EDWARD VIII AND CANADA

BY STEPHEN LEACOCK

A famous Canadian humorist and professor of economics inspects his brand-new sovereign, King Edward VIII, and the multiple questions of dominionhood and monarchy.

**K**ING EDWARD VIII is the first King I have ever known—I mean, in the easy and personal sense. Once as a little boy in England, sixty years ago, I saw Queen Victoria's head go by in a railway carriage. But I never felt I knew her.

I met King Edward a few years ago at a big dinner in Montreal, when he was visiting the city under the incognito-title of Lord Renfrew. Coming under that name, he was able to lay aside the forms and ceremonies that must of necessity surround a King in England, and act like a Canadian. It was a huge dinner and I was just a lost unit at one of the many tables. But after dinner the host of the evening said to me, "Come and sit beside the Prince: he wants to talk to you".

A recent diplomatic incident in London has reminded British subjects that it is not the proper thing to repeat a conversation with a King. But I have no hesitation in recording mine. My friends asked me afterwards, "What did the Prince say?" And I answered, "Say? He never got a chance to say anything. I felt so flattered and so superior in being asked to talk to him that I did all the talking and assured him that when he came to the throne if he ever needed advice or money, just to let me know".

I was still saying it when they dragged me away from him. It was a rash promise but it still holds good. I don't go back on it; and anyway there are thousands, millions of others in it with me.

You see, in Canada, to know the King—the Prince as he was—is nothing. We all know him. All the soldiers know him because they remember him in France. All the rest of us know him because he has been up and down over Canada more than we have ourselves. And wherever he has gone he has mingled with us all—high and low, even professors—in that simple and effortless way which he commands by instinct. In Canada we get on with kings and princes because we understand them, better in a way than they do in England. In the old country there are always forms and observances—people walking backwards and that sort of thing. We can't; we'd fall over. So we have to "act natural" with kings and princes: and it seems to work. In any case King Edward VIII is specially one of us because he owns land here: he has a farm out in Alberta, which of course hooks him up with Social Credit and makes us feel sorry for him. We may have to help him out.

But just now it is the other way. The King helps us out—us Canadians and all the rest of the Empire. Amer-

icans do not follow the ins-and-outs of our constitution, or our lack of it, and are probably as much mixed up about it as we are about the Fourteenth Amendment. But what has happened is that in a determined effort towards British freedom we have got the Empire so separated and disintegrated that there is nothing but the King holding it together. The Statute of Westminster of 1931, declaring all the dominions equal to the United Kingdom and no one superior to any one else, has reduced the Empire to legal confusion.

### More Constitutions!

Canada, for example, is just discovering that there is no way to amend its constitution, the dominion never having had the power, and the British Parliament having renounced it. Western Australia, wanting to get out of the Commonwealth of Australia, has been told by the Imperial Parliament that there is no longer any way out.

Goldwin Smith once called the United States constitution a Delphic Oracle. But the British constitution is now the Riddle of the Sphinx. Apart from the monarchy the legal connection is gone. There is still, of course, the Privy Council as a final court of law in London for all the Empire. That stays because the lawyers like it: an ocean trip does a hard-working barrister a heap of good and London in the season is delightful. But the Judicial Committee of the Privy Council no more binds the Empire together, in the positive sense, than does the Old Bailey Criminal Court. The real bond of union is found in such things as cricket, the Derby, the London *Punch*, and above all—overwhelmingly above all—our allegiance to the Crown.

Without any doubt, without any exaggeration, without any flattery, the development of the British monarchy is one of the greatest and happiest factors in the history of mankind.

The British peoples and the reigning house have now kept company in sunshine and in shadow, for two hundred and twenty-two years. The royal family is now officially called the House of Windsor, but it is in actuality the same House of Hanover which, in the person of George I, dispossessed its Stuart cousins in 1714. Its beginnings were inauspicious. The Stuarts were beloved with an affection that died out only when the direct family ended with the death of Henry Stuart, the young Pretender's brother, in 1807; an affection which lived on, and still lives, in romance and verse and story.

Honest George I could not speak English. George II could swear in it, but could scarcely talk it. But George III was a real Briton, improving on the model. He had all the solid virtues that the English like, clean and kind and wholesome and slow, and when he was wrong he never knew it. He lost America but found England. His sons followed him as elderly men. George IV was no great hit. But William IV was after all a sailor, a character the English love, and William IV somehow got mixed up with the passing of the Reform Bill and hence became the "Patriot King of whom all the lovers of liberty sing".

No one can get the reign of Queen Victoria right who thinks of her only as the Majestic Queen of her later years. One must think back to the little girl of eighteen who came to the throne, young, inexperienced and appealing, and around her the group of fatherly old statesmen and generals—the Melbournes and the Wellingtons—who were to guide her steps. She was not so much the Queen as the ward of all the nation, for whom care and service must be multiplied and loyalty burn to a brighter flame.

The flame that first leaped up in 1837 grew to a wide and diffused glow that illuminated an Empire. Those of us who went out from England in the Victorian days—as settlers, as children, as emigrants—carried with us our tuneless "God Save the Queen", to the uttermost parts of the earth. The solemn pine trees of Canada, and the mournful eucalyptus of Australia learned to shiver at its resonance. We sang it in the little schoolhouses and the frame churches of the new settlements, and with it the song that told us that the star of the Empire glittered in the West; sang it so far that West turned to East and the British Empire girdled the world.

### Non-Victorian Edward

After Victoria came Edward VII, somewhat of a gay dog, we are told, in his early days, but turning later, as the gay dogs of youth are apt to do, to the ripe wisdom and broad kindness of age. Wiser than most of Europe, to him was allotted the highest honor known to British monarchy, that of advising his own advisers.

And then our good King George V, now just gone. It was his lot to fall heir to the troubles of a distressed kingdom (1910), a financial clash of Lords and Commons, an Ireland on the verge of civil war, and then to the troubles of a world in the throes of destruction. It was his fortune—to use the words we so often prayed for

him—"to vanquish and overcome all his enemies", and to witness shortly before his quiet end the resplendent sunset of his Silver Jubilee.

Now comes King Edward VIII, with the acclaim of five hundred or more million souls, and without the hatred of one. It is true there were, in connection with the new accession, what would have seemed to outsiders a few whispers of dissentient voices. But in the Empire we have learned to understand them very well.

### "Red Capital"

There was a low growl from the Glasgow Town Council. But there always is. If there hadn't been we would have felt that something was wrong. In all our larger imperial undertakings, we expect a low growl from the Glasgow Town Council, just as we expect the first regiment in a war to come from Glasgow. Then there was in South Africa the Dutch group of pro-Dutch members of the Assembly, who walked out rather than vote congratulations. Of course they did. A really pro-Dutch Dutchman wouldn't congratulate God on the creation. We like their spirit. Get enough of those fellows in an Empire and you have got something. As a matter of fact we couldn't run our Empire without these little side-shows—the Glasgow Town Council, Mahatma Gandhi and the Doukhobors, and Social Credit in Alberta and all that. It would feel dull without them.

At the time when Queen Victoria's reign ran out, we needed and found in Rudyard Kipling's *Recessional* a voice to warn us against the overweening confidence of power. We need no such warning now. The tone and attitude of the Empire, as we acclaim its new sovereign, is one of tense, alert attention—not fear, but the sense that tells that grave things may happen and that great efforts must be made.

There is no boasting in sturdy John Bull. But his sleeves are rolled half back and his steady eye looks about him. For all his advancing years and his heavy feeding there is a terrible punch left yet in that right arm. But it is in this very watchfulness, in this realization of possible disasters, shared with all the worthier peoples of the world, that perhaps the world's salvation lies.

Nor is there for the British peoples, and in some measure for all those who share their speech and draw from a common history, any more cheering prospect than this accession of Edward VIII—whose very name, whose very number, goes back to the Plantagenets and recalls a thousand years of history. God save the King.



# CAN UNCLE SAM ORGANIZE LABOR?

BY LEO WOLMAN

Bringing to bear his long experience, practical as well as professorial, Dr. Wolman describes the background of labor in this country, and explains why union growth has not been faster.

AMERICAN public policy since the middle of 1933 has been directed toward increasing the memberships of labor unions. It is clearly the position of the present administration that bargaining carried on through trade unions is the only genuine and acceptable method of industrial relations.

Implicit in the activities of our government agencies is the belief that the time has come for this country to reorganize prevailing methods of labor relations and to do it by sponsoring formal agreements between organized employers and organized labor. Before making agreements, unorganized workingmen would, of course, either join unions or designate them to act as their agents. In time, joining and designating would amount to the same thing and the bulk of employees now non-union would become union.

## An Immense Undertaking

This extraordinary viewpoint and policy is indicated in the rulings and procedure of NRA, the complaints over the ineffectiveness of the National Labor Board, the efforts to revise and strengthen Section 7 (a), the passage of the Guffey and Wagner-Connelly Acts, and the apparent attitudes of the majority of the labor boards entrusted with enforcing this recent succession of laws. The various New Deal laws pertaining to collective bargaining and labor organizations are quite definitely the straws which indicate the way the wind is blowing.

That this federal policy amounts to a considerable innovation everyone familiar with employer-employee relations in the United States knows. It has no parallel in American history. The regulation of labor relations during the World War was radically different in conception and

administration from the present experiments.

The outcome of these activities, since they are less than three years old, is hard to judge. But their consequences on industry, labor, the labor movement, and the Government, are fraught with such potentialities that their examination, against the background of American labor history, will, if it does nothing else, at least disclose the immensity of the undertaking on which the Government has embarked.

In the view of advocates of thoroughgoing unionization of industry, the present condition of industrial relations is an anachronism which persists against the will of the overwhelming majority of employees and emphatically fails to serve their real interests. The backwardness of organized labor is, in their estimation, the result of the strategy of hostile employers and, to say the least, the not too friendly attitude of the courts toward unions and their methods and purposes. Laws like the Wagner-Connelly Act propose to bring obstreperous employers into line and to provide the courts with new standards of judgment as to what is right and wrong in labor relations. In so far as it contemplates the shape and content of future industrial relations in the United States, the labor policy of the Roosevelt administration is designed to bring the present unorganized state of affairs to an early end.

No theory which undertakes to explain the relations of American employers to their employees can possibly satisfy everybody. But this much is clear from the record of events. The chronic weakness of organized labor in this country has been much more the product of powerful economic forces than the outcome of conspiracies among employers and the backward state of labor law and

its interpretation by American Courts.

The rapid technical development of American industry, the high productivity of labor and the high levels of wages resulting from it, swift changes in the localization of industry, the constant tapping of new supplies of labor, and the maintenance of flexible conditions of management are the factors which account for the failure of unions to establish themselves in new industries and for their decline in industries in which they had once procured a foothold. It has, in fact, been only where competitive forces have been mitigated by peculiarities of the industry, as in building, and by the effects of government regulation, as in the railroad industry, that unions have been most successful.

## American Tradition

American labor has by and large reflected these characteristics of industry. It has profited from the introduction of machinery. Workmen have changed their occupations in response to the requirements of new technology. Mobility—geographical and occupational—has long been one of the most striking phenomena in our industrial evolution. Under the circumstances, employees have, at any rate until the present, failed to engage in spontaneous movements for the standardization of working conditions and the universal unionization of labor. While no doubt many workingmen have failed to organize because they were afraid to do so, many more have acted from considerations of what they regard as self-interest. That is why unions have so often found it hard to hold their members and to collect dues from them.

This has always been a predominantly non-union country and it is so now. The history of industry and labor-union relations over the last 45

years (the period of the rise of the American Federation of Labor and the independent railroad brotherhoods) discloses that at no time did the movement include more than 20 per cent of the organizable non-agricultural employees in industry, trade, and services. This figure marks the peak of organization which lasted for only about one year, and that during the hectic business activity of 1919-20, when war labor policy, intense business activity and a decided shortage of labor powerfully stimulated the expansion of organized labor. Except for this peak, the extent of union organization has rarely exceeded 10 per cent, and has often fallen below that figure.

Even in early 1936, after several years of unusually favorable public policy, union membership is to be found among less than 15 per cent of the non-agricultural employees of the country. Of approximately 30 millions of such employees, only about 3,750,000 were union members in 1935, while 26,250,000 were unorganized. Looking at the picture in the aggregate, it is clear that trade unionism in the United States has been and remains a distinctly minority movement.

### Labor History

Taking the picture as it was in 1897, the first year for which there are reliable data, the labor movement mustered less than a half million members. Thereafter, the whole movement enjoyed a period of almost uninterrupted growth for sixteen years. By 1913 it had gained more than two million members, and aggregate membership in that year reached 2,700,000. During this phase of expansion and consolidation, following the resolution of the bitter struggle for supremacy between the Knights of Labor and the American Federation of Labor, unionism in the building, railroad, printing, and coal mining industries had come to maturity and had firmly established itself in those areas of jurisdiction. Under the long leadership of Samuel Gompers the American Federation of Labor had presumably devised a more or less workable formula for preserving peaceful relations among its constituent unions, and the brotherhoods of railroad employees had found it possible to grow while retaining their independence of the Federation, but at the same time working in harmony with it.

The World War rapidly effected a radical transformation in the size and character of the movement. The downward trend in membership begun during the depression of 1914 was arrested. In every year from

1916 to 1920 there was a substantial gain in membership, culminating in the acquisition of nearly 1,000,000 new members from 1919 to 1920 and bringing membership in 1920 to more than 5,000,000.

Altogether the labor movement gained in the war and early post-war period close to 2,500,000 members, or as many as it had won between 1897 and 1913. These war gains were pretty well distributed among the 140 national unions which comprise the labor movement. But there were at the same time notable advances in hitherto non-union trades and industries, such as the metal trades and the clothing and textile industries, and among semi-skilled and unskilled employees throughout all industry.

Of this latter tendency, the spread of unionism on the railroads is a good illustration. In this industry in which the skilled train-service employees had long been strongly organized in the conductors', engineers', firemen's, and trainmen's unions, the increases in membership from 1916 to 1920 were mainly made by the unions of railroad shop and maintenance-of-way employees.

This highwater period of labor organization (1919-20) was bound to be temporary, resting as it did on unusual conditions of business and employment and on government regulations peculiar to a state of war. With the following slump in business and the reaction against government control, most of the rise was promptly lost. A quarter of a million members were dropped in 1921, 750,000 in 1922, and another 400,000 in 1923. Thus in three years membership declined by 1,500,000, or 60 per cent of the preceding increase. The newest members were the first to leave and the heaviest losers consequently were the unions in the normally unorganized trades and industries. The metal trades unions, which had been relatively weak before the war and had during the boom period gained more than 500,000 new members, dissipated their whole increase and were back to 257,000 members in 1923. Textile unions, likewise, surrendered practically all they had won.

### Healthy Survivors

Among the newly organized industries, the clothing unions alone retained a large part of what they had gained. In the normally organized industries of building and transportation, the unions emerged from the inflation and deflation substantially larger and stronger than they had been before the war. And the coal-miners union, for reasons largely peculiar to the coal-mining situation, reported for 1923 the largest mem-

bership in its history of struggles.

For the ten years after 1923 the downward trend started during the depression of 1921 was not reversed. In only one year from 1923 to 1929 did union membership increase, and in that year the increase was nominal. In spite of the considerable prosperity of this period, the full employment of labor, and the prevalence of conditions historically and logically favorable to the growth of union labor, the movement not only failed to retrieve its losses but suffered an additional decline of 200,000 members. The building unions, reflecting the general boom in construction, actually increased in membership. The railroad unions held their own. But the coal-miners union surrendered roughly 300,000 members.

### Effects of Depression

The influences of the world depression only accelerated the previous decline and spread it among nearly all important groups of unions. By 1933 membership was 500,000 lower than in 1929. Substantially all of the war growth was by this time gone, for membership in 1933 was only 200,000 greater than in 1913. In this latest decline the greatest losses were suffered by the building and railroad unions which had before successfully weathered the storms of most earlier business depressions. But the almost total disappearance of employment in construction industries and the protracted decline in railroad employment accounts for a loss of over 600,000 in the membership of these two groups of unions.

Business recovery and the enactment of labor legislation, particularly the labor provisions of the National Industrial Recovery Act, marked the turn in the curve of union membership. It is true, of course, that the membership of the coal miners, garment and shoe workers' unions had begun to increase in the late months of 1932. But the general and substantial growth in membership, the recovery in union strength, and the decisive reversal of the long downward trend in the number of union members followed the organization of the NRA and the numerous agencies associated with it.

The passage of the Recovery Act and the establishment of the Recovery Administration were the signal for starting the most extensive organizing campaigns this country has ever witnessed. The complete machinery of American Federation of Labor and of its constituent unions was immediately brought into operation and attacks were simultaneously made on all unorganized industry throughout the country, from manu-



facturing to agriculture, under codes.

In two years from the fall of 1933 to the fall of 1935, membership increased by approximately 750,000—600,000 in the first year and 150,000 in the second. While all unions participated in the advance, the miners', clothing, shoe, and oil workers' unions (the most direct beneficiaries of the activities of the NRA) made the largest gains and were together responsible for about half of the whole increase in membership.

### The Situation Today

This, then, is the present position of organized labor. At the close of 1935 the movement had 3,750,000 members, a million and a quarter less than at the peak in 1920. Obviously the improvement in the relative position of unionism has not been great. The rate of increase in union membership slackened considerably in the second year of the New Deal. Approximately 85 per cent of the organizable employees still remain non-union.

It is evident from these figures that trade unionism in the United States holds the proportions of a distinctly minority movement. But it is by no means a minority movement in several very important industries. Now, as for many years, the centers of union strength are in the building, railroad, printing, mining, and clothing industries. It has been particularly powerful in the first three, and on occasion it has risen to great heights among coal miners and clothing workers. These five groups together had in 1929 more than 70 per cent of total union membership. Owing to a combination of circumstances, not all of which appear to be permanent, unions are at their maximum among clothing and mine workers and these unions are at this time the most completely organized of all.

The present state of unionism in coal mining and clothing is in the main due to conditions peculiar to these industries and not easily duplicated among the rest of American working men. In both, the tradition of union labor is old and deep-rooted. The coal mining industry has long been the object of public interest and government intervention. From the Anthracite Coal Commission appointed by Theodore Roosevelt in 1902 to the NRA and the Guffey Act, strikes, mine accidents, working conditions have periodically come under public surveillance and organized labor has usually profited from public sympathy and the weight of government influence. Particularly in these last years, the activities of the NRA and other government agencies in behalf of the United Mine Workers have been potent factors in strengthening

the bargaining power of this union and in persuading recalcitrant employers to enter into agreements with their organized employees.

In the clothing trades the struggle against the sweatshop has furnished a strong incentive to trade unionism. The intensely competitive and unstable business conditions prevailing in these trades, particularly in the large cities of the East and Middle West, have led to periodic uprisings among clothing workers and the establishment of strong unions. Terribly weakened by the last depression and in some instances nearly destroyed, all clothing unions were given a new lease on life by the NRA. Through unusually vigorous and skillful leadership, these unions won direct participation in the administrative agencies of the Code Authorities of the Recovery Administration and were enabled thereby to pursue their organizing activities with unprecedented effectiveness and thus to extend the boundaries of organization.

The building and transportation unions have always been by far the largest organizations, with about half the membership of the entire labor movement. The enormous decline in railroad and building employment since 1930 and the failure of these industries to share in the general recovery of employment since 1933 are reflected in the absence of a rise in membership during the last several years.

Consequently the relative strength of these unions has declined while the mining and clothing unions, which have had considerable increases in membership since 1932, have risen in relative importance. But even in 1934 the building and transportation unions had 1,200,000 members or a third of the total. Excluding these well-organized groups, the rest of manufacturing, the public utilities, the oil industry, retail and wholesale trade, the bulk of service occupations, and agricultural labor are almost wholly unorganized.

### Ups and Downs

Except again for the building, transportation, and printing unions, organized labor has not had a markedly stable history. The United Mine Workers, now the largest union in the country with about 500,000 members, has even since 1920 been successively strong and weak and has gained and lost hundreds of thousands of its members.

Starting in 1923 with about as many members as it has now, this union on its own records lost more than half of its membership by 1930 and had surrendered practically all control over the bituminous coal industry. Within

five years it had recovered all its losses and had become once more the largest union in the movement, with an unprecedented measure of control over both the anthracite and bituminous divisions of the industry.

The International Ladies Garment Workers—the union with jurisdiction over the cloak and suit and dress and waist industries—had shrunk to little more than 30,000 members in 1929. But by 1934 its membership had risen to 200,000 and it had become the second largest union in the country, tied for that place with the United Brotherhood of Carpenters and Joiners. These experiences are by no means unusual and are paralleled by the history of the large majority of unions outside of the railroad, building, and printing industries.

### No Class Cohesiveness

The hesitation of American workmen to unionizing, the difficulty of keeping them organized, and their attitude of mind is well described by the authors of the last volume of Commons' "History of Labor in the United States, 1896-1932", as follows:

"The overshadowing problem of the American labor movement has always been the problem of staying organized. No other labor movement has ever had to contend with the fragility so characteristic of American labor organizations. In the main, this fragility of the organization has come from the lack of class cohesiveness in American labor . . . Gompers and his associates were under no delusion as to the true psychology of American workingmen, particularly as regards the practicable limits of their class solidarity".

Enough has been said to show that unionizing the industry of this country is a task of formidable, if not impossible, proportions. Its achievement involves radical transformation in customary practices. Judged by their acts, employers do not look upon the new labor policy with equanimity. Inside the labor movement the problems of unionizing the unorganized have already sown the seeds of deep dissension.

For the moment workmen have stopped flocking into the ranks of organized labor. Accelerating the now slackening pace of organization will require the application of additional pressure by the Government. How far the Government is willing and prepared to go, and what consequences the pursuit of a vigorous policy in this direction entails, involve issues which have not received the consideration they merit.

*Dr. Wolman's second article on Labor will be published next month.*



# LANDON—ABLE EXECUTIVE

## A BUSINESS MAN'S ESTIMATE

**What sort of man is the busy Governor of Kansas? Many interested people are journeying to Topeka to learn at first hand**

THE CRUSTY old philosopher who held a lamp in his hand in broad daylight as he trudged along the main streets of Athens, explained that he was looking for a man to be trusted. It may be said of the Republican party just now that it also looks for a man, whom it may follow as standard bearer in the approaching campaign. In its search its specifications are simple.

It is not looking for an orator. Above all, it does not want a man who will think that if elected he ought to write the country's laws. It is not seeking an ornamental figurehead. It does not want a man who will be likely to seize the reins and imagine the country to be in danger both at home and abroad if he does not rule its destinies upon a 24-hour basis.

Apparently it seeks a man who can be as firm as Grover Cleveland, as progressive as Theodore Roosevelt, as unselfish as William McKinley, and as unaffectedly devoted to the interests of the common people as Abraham

Lincoln. The essential thing is character in the full sense of the word. The man who is wanted must have good mental fibre, will power, the poise of common sense, physical strength, and the capacity as a good executive to select his helpers.

There is a widely expressed feeling that the choice will fall upon a man representative of the American spirit as typified especially in the energy and character of the middle sections of the country. Such men, in the opinion of many Republicans, are Colonel Knox of Chicago, Senator Vandenberg of Michigan, Senator Dickinson of Iowa, or former Governor Lowden of Illinois. The Governor of Kansas, "Alf" Landon, was less widely known; but there has been persistent talk about his qualifications.

Within a few weeks there has developed a nation-wide interest in the personality of the chief executive of the historic state that is located in the exact center of the country. Kansas was a part of the Louisiana Purchase of 1803, and was the scene of a bitter struggle in territorial days that gave control to the Free-Soil element, and excluded slavery. It was admitted to the Union on January 29, 1861, thus completing seventy-five years of statehood on that date of the present year. Governor Landon took the leading part in celebrating what has always been observed as Kansas Day. In the evening he addressed a large audience of his enthusiastic fellow Kansans. The address was heard

throughout the country by large numbers of people, thanks to the radio broadcasting system that is to play so great a part in this year's intensive course of popular instruction in current political issues. The address at once gave Governor Landon recognized position as one of the leading Republican candidates.

There follows these introductory comments (which are not intended to express preferences either personal or partisan) a clear statement made at the editor's request by a citizen of nation-wide experience and acquaintance, who had occasion to visit Governor Landon at the end of January. The weight of his remarks about the Governor lies in the unusual fitness of the writer himself to pass mature judgment upon the qualities of men whom he meets, whether in the course of business affairs or in public life. What was intended as an estimate of character and capacity takes final shape as an appreciation, almost a eulogy.

Both before and after the convention of 1860, wise men of the East journeyed to Springfield, the capital of Illinois, to spend a day and form their own judgments of the personality and fitness of Abraham Lincoln. In some such manner, well-known men have now been going to the capital of Kansas in the endeavor to take the measure of Governor Landon. It is not that they had eliminated other men whose names are likely to be presented at the June convention in Cleveland. But they had found themselves impelled to meet in person this quiet, steadfast, business-like executive, who at the age of forty-eight seems modest enough, yet also masterful in his power to think, judge, decide, and act.

—THE EDITOR.

Acme Newspictures



*If a wide smile is a requisite for the presidency, the Governor qualifies.*

## A Visit with Landon

FOR A NUMBER of years I have known Governor Landon casually. I have known a great deal more about him for a longer period, through mutual friends. Recently I spent a half-day

in his office, the major part of it in conversation with him. You ask my impressions. Before speaking of the man himself you may be interested in the impression created by observ-

ing the recent operation of his office.

His election as a Republican Governor against the Democratic landslide in 1932, and his reelection by a tenfold increase of majority in 1934, attracted marked attention in neighboring states of the West and Southwest. His record as Governor has now gained wide notice, and is talked about from Arizona to Maine. People from all parts of the country have wanted to meet the man himself. In these times of appalling governmental expenditure, increased debt, and visionary schemes designed to attain the millennium overnight, the Kansas Governor has sharply cut the cost of government. He has lowered tax rates by 25 per cent. At the same time he has reduced the state debt and produced a budget surplus.

### Common Sense Methods

Behold a Governor who has not assumed the rôle of dictator, but has worked harmoniously with the legislature and all other branches and departments of his state government! What is to be learned about an administrator who has at no time proposed panaceas, or used other than the straightforward and common-sense methods which he had employed as a private business man, and which every business man and housewife must employ to be successful?

The desire of many people to meet Governor Landon has resulted not only in beating a path to his door but in making a veritable highway. Visitors come daily in scores. The situation thus occasioned is amazingly well organized, and handled as quietly and efficiently as are the departments of the state government itself. It is directed by the Governor's capable private secretary, Willard Mayberry.

All doors are open throughout the Governor's impressive and finely appointed suite in the handsome State House at Topeka. He himself moves from one room to another to meet groups and individuals as occasion demands. Callers and business details are disposed of with equal efficiency. No time is lost, yet everyone seems happy and satisfied after contact with a man who knows and likes people, and also knows his own mind. Executive and administrative capacity, as well as human understanding (which is political sense) are here apparent in very high degree.

Six mornings of the week the Governor is at his desk in the Capitol at eight o'clock. He remains until two in the afternoon, at which time he goes home to lunch and does not return until the next morning. Thus are provided the hours for uninterrupted work and reflection, and for rest. This systematic use of time must

Photographs by Keystone, and Wide World (center)



**KANSAN**

Governor Landon with his family (Nancy Jo, 3 years, and John Cobb, 21 months); the capitol at Topeka, where he may be found from 8 till 2; and a busy after-hours pose.

account in some degree for the preservation of the splendid physical equipment with which he was endowed by nature, and which has been further developed through an active outdoor life. He has poise and a sense of humor which promise to preserve his sense of proportion and his perspective.

The first impression which Governor Landon creates, and which amounts to a conviction as acquaintance increases, is that his feet are firmly on the ground. There is nothing dreamy or impracticable about him. He is a realist, has worked with his hands, has been close to the soil. He knows what labor means. He understands the farmer's problems as only one can who has lived his life in the greatest farming country in the world, the heart of America.

Landon's sympathy with the farmer and with labor is not that of the theorist, but rather that of a practical man, who first seeks and finds the facts before he declares policies. He thus also approaches the problems of business, still keeping his firm stand upon realities.

I hold the opinion, strongly confirmed by this recent opportunity to exchange views on current issues, that Governor Landon has the character, courage, capacity, and judgment required for the presidency. He has "made good" every step of the way, as a private citizen and as a

public official. He has grown steadily, and continues to grow, as further responsibilities are imposed upon him.

### Well Liked in Kansas

The people of his state and surrounding region, who best know him, are devoted to him. The impressive thing about this devotion is that it is not emotional, or, so far as I can determine, a matter of local pride. Rather it is based upon complete confidence in the character and capacity of the man himself.

One cannot talk with Governor Landon without realizing why this is so. He is as frank in statement as he is direct in thinking. He is one of the best listeners I have ever met. He is possessed of the quality called common sense in a far higher measure than one ordinarily encounters in either public or private life. He suffers no illusions of grandeur, or delusions as to the seriousness of the task of the man who succeeds to the presidency. One is impressed, in talking with him, by his complete selflessness. He seems actuated by the same deep patriotism which must have inspired his great-grandfather as a soldier of the Revolution.

Alfred Mossman Landon started as a laborer, after his graduation from college, and has literally worked his way to his present position in the Middle West. He also knows what

it means to pay taxes, meet payrolls, and the other constant problems of the average American business man. He believes in labor and in thrift, and appreciates the fact that no nation can prosper without full opportunity for those who work for wages, and protection for the savings of plain citizens.

Thus acquaintance with him engenders as great faith in the man himself as one has in the principles of the sound Americanism which he has taught, both by precept and example. One gathers that he has no more respect for the evils of the "old deal" than he has for the impracticable and wasteful vagaries of the "new deal". In contrast with either, he is determined to concentrate all his strength upon attaining a "fair deal" for all the people of the country, if it should happen that he is ever placed in a position to do for the nation what he has done under hampering conditions for the people of Kansas.

### The Nation First

The deepest impression left from my conversations with him is that he regards the national crisis as so real that the political fortunes of individuals are of little consequence. He seems almost fatalistic about his own part in the drama of 1936 politics. So far as he is concerned, the opportunity for larger service either will come to him or it will not. He is making no apparent effort to bring it about. His economic and political creed is established, and his adherence to its fundamentals can be relied upon.

If some one else can better serve the country, I am convinced that the Governor will be heartily for him, no doubt with a sense of personal relief. But nothing in his attitude indicates that he is appalled by thought of the task, or afraid to meet its every aspect.

To sum up this appreciation, I would say that Landon represents as fine an example of what is best in American public life as any one I know. He bears acquaintance; and public confidence widens as this acquaintance extends. Certainly he represents no group or interest, recognizing all groups and interests that constitute the nation.

He is as steady and wise as he is quiet and non-spectacular. I believe the country is ready to substitute that kind of leadership for the confusion, extravagance and uncertainty of the present regime; and that, if Governor Landon happens to be chosen as the nominee of his party, he will be elected by an overwhelming majority, and that the people will have no cause to regret their choice.

## ON NATIONAL AFFAIRS

CHANGE does not necessarily mean progress. A social philosophy is not always bad because it is old, nor good because it is merely new.

Today there are powerful forces trying to convince our people that the Constitution is not their charter of human liberties. . . . Let me make this emphatic, the Constitution of the United States is not an obstacle to progress. It is the balance wheel of progress.

A nation will survive to correct its political mistakes. But if an unsound financial program is coupled with them the nation faces destruction. We are exhausting our capital on useless projects which advance us no farther on our way.

If there is any place more than another where common sense in government is needed it is in the relief problem. . . . No good American wants any of his fellow citizens to be hungry, much less starve. But if there is to be no hunger it is imperative that the administration of relief be purged of waste and partisanship.

There is much discussion whether

reform of our social and economic system should go before recovery, or whether recovery should precede reform. My answer is that the greatest reform that we could have is recovery.

It is necessary for all of us who are concerned with agriculture's welfare—and every American ought to be—to work together in the development of a program that will be both sound and legal. . . . Low prices have been caused by the practical loss of the farm markets, both domestic and foreign. . . . A policy that is not limited in its benefits to immediate cash returns, but seeks as well to rebuild the fertility of the soil and meets the problem of flood control, is impressed with national interest and entitled to national support. . . .

With a renewed confidence and a reaffirmation of faith, let us turn from an un-American doctrine of division and classes. As a united people, common in our hopes as in our purposes, we shall move forward to that greater destiny which is our just heritage.

ALFRED M. LANDON,

Excerpts from his Kansas Day speech, January 29, 1936.



## GOVERNORS

Seated, left to right, are Ralph W. Morrison (Texas), Chairman Marriner S. Eccles (Utah), Ronald Ransom (Ga.), M. S. Szymczak (Ill.). Standing, are John McKee (Ohio) and Joseph A. Broderick (N. Y.). The new Board of Governors of the Federal Reserve System.



Acme Newspicture

# THEY MANAGE OUR MONEY

BY RAYMOND CLAPPER

Are we approaching direct control over bank credit through the Federal Reserve System, as revised by that Banking Act of 1935? Certainly these new Governors shoulder heavy responsibilities.

THE GENERAL public—aside from the banking world—is scarcely aware that a major transition in our monetary system is taking place under the new Banking Act of 1935, which alters and increases the functions of the Federal Reserve System. The main purpose of this change is to enable the federal government, through the new Board of Governors of the Federal Reserve System (it is no longer the Federal

Reserve Board), to control the volume of money in a way to check speculative booms, and thus to moderate the fluctuations in employment, trade, and business so far as this may be done within the sphere of monetary action.

Perhaps it is not literally accurate to say that we are going over to a managed-money system. But we are undertaking, through the revised Fed-

eral Reserve System which is just now becoming operative, to establish a more direct federal control over bank credit—which we use instead of money 90 per cent of the time.

To far greater extent than any other people, Americans use checks instead of cash. In this country currency is used largely for pocket change, except in the bootlegging and kidnapping industries. We live by bank checks, as

every business man well knows and as every householder knows who uses a family checking account. A business man will buy and sell thousands of dollars worth of goods, perhaps pay hundreds of employees, and in the whole process he will handle no cash whatever. He does business with bank money—with bank credit. That is why those extreme inflationists who say we need more currency look a little foolish. They overlook the fact that bank credit has become ten times as important as currency in the American scheme of things.

### To Meet New Needs

Because our federal control over this important medium of exchange has not been as strong as many persons thought it should be, the twenty-year-old Federal Reserve system has been overhauled, streamlined, and stepped up in horsepower. Under new powers it now assumes a dominant place along with the Treasury in directing national credit policy, clothed with authority unprecedented in American banking.

Roughly speaking, the powers just bestowed on the Federal Reserve system complement those granted with the founding of the system more than twenty years ago. Primarily the Federal Reserve was established to provide a more elastic money system, to prevent money and credit stringencies. Primarily the powers now added are designed to curb speculative booms and overexpansion of money and credit.

In 1907 we had the "bankers panic", one of a series of stringencies due to the fact that our currency and credit system was too rigid and inelastic. In setting up the Federal Reserve system a group of regional "bankers' banks" was created, interlocked, so that vast supplies of money and credit could flow from one to another as demand arose. During crop-marketing seasons reserves from the East were shifted to the agricultural sections. When banks needed more money, they could take their short-term commercial paper to the Federal Reserve Bank, just as you would take a bond or some shares of stock to your bank, and borrow, thus obtaining additional currency. That system was flexible enough to carry us through the war period and the post-war period.

The Federal Reserve system was established mainly to strengthen commercial banking—that form of banking which attends to the day-to-day needs of business men by making loans of sixty or ninety days. It was set up on the belief that the primary function of banks was to meet the short-term borrowing needs of business and industry. The original Fed-

eral Reserve Act forbade bank loans for speculative purposes, and the rediscount privilege was restricted to commercial borrowers.

However, during the World War a change took place which led ultimately to the revisions now going into effect. During the war, reserve banks devoted themselves largely to the financing of government bonds. H. Parker Willis, professor of banking at Columbia University (and not only one of the banking experts who participated in the drafting of the original act but also the first secretary of the Federal Reserve Board), says that war-time financial needs forced abandonment of the fundamental theory upon which the Federal Reserve system had been organized. Management of the Reserve banks was shifted from the original basis to a foundation of investment banking theory. After the war, he pointed out, it was an easy transition to a practice of making loans for any purpose if secured by government bonds, instead of primarily lending on commercial paper for immediate commercial and industrial activities.

### Brakes on Speculation

Thus speculation got its nose under the tent. A large portion of the portfolios of reserve banking authorities came to consist either of securities or of loans protected by such securities. Reserve banks, therefore, Dr. Willis says, became as dependent as other banks upon the ability of the community to purchase, pay for, and hold bonds, stocks, and other securities. Thus the financial structure, set up originally to deal with day-to-day borrowing of business men—to permit them, for instance, to meet payrolls while making up and delivering a factory order—came to depend upon conditions in the stock market.

Meantime, in the late twenties, many corporations with excess profits and huge surpluses began investing these funds in securities, lending them in the stock market where they would earn more than at the bank. To a large degree they were financing their own needs without resorting to bank loans. There was so much credit that they had more than was needed. There was therefore little need to borrow on commercial paper at the banks. That being the case, the Federal Reserve system could do little to tighten up credit and check the speculative excesses. In a sense the Federal Reserve system was short-circuited in the middle of the country's wildest boom. It had been created to deal with credit stringencies, not with speculative booms.

Out of this experience came a number of changes at different times dur-

ing the depression, culminating in general revision in the Banking Act of 1935, which set up a new board with new functions added to those of the old board.

### Youth to the Front

There has been a change of personnel with this change of function. The last of the pre-New Deal Reserve Board members, including two whose service began with the establishment of the system, were retired February 1. The new group is comparatively young, contains a variety of banking experience, and is headed by Mariner S. Eccles, champion of central-bank-managed-credit, who is primarily responsible for revising the Federal Reserve system and presumably will be the dominant spirit in directing its new functions.

The spectacular rise of Eccles, now only 45 years old, is well known. Upon the foundations laid by his father, who was a prominent capitalist in Utah, young Eccles expanded and, like a typical rugged individualist of the West, spread out until he owned one of the largest chains of banks in the intermountain country. But unlike most rugged individualists in the banking business, Eccles thought a great deal about the fundamentals of money and banking. When he came to Washington early in the New Deal as an expert in the Treasury Department, to be groomed for the Federal Reserve Board chairmanship, he was considered by eastern bankers as a most unorthodox young man and by some as a positively dangerous person to have around.

He complained that the Government was not spending fast enough to promote recovery, that Treasury deficits are good things in hard times, that we could stand a public debt of 40 billion dollars without calling in the doctor, that our problem is not one of production but one of distribution—distribution of wealth, as it is currently produced, through heavy income taxes in times of prosperity.

He believes there are three important control measures in our capitalistic system: First, employment, which must be regulated through a public works system. Second, distribution of funds, which must be controlled through the income tax. Third, the volume of money, which can be controlled largely through the banking system. Control of these three factors, Eccles believes, controls the velocity of money, which is his key to prosperity.

That, in a word, is the outlook of the small, tense, dark-eyed young man who has been governor of the Federal Reserve Board for the last

(Continued on page 76)



# PACIFIC COAST OPINION

FOUR EDITORS IN THE ROLE OF REPORTER

**Erstwhile Republican, lately Democratic; how will the three states of the west coast vote in November? Newspaper editors, with ears close to the ground, here interpret prevailing though conflicting trends.**

ALONG our west coast there are three states only, though on the older Atlantic seaboard there are fourteen. One of these three is our second largest and sixth most populous state.

A wide range of climate is matched by diversity in the products of the soil. But there is in these newer states—the youngest of the three is 47 years old, the oldest 86—none of that basic contrast that marks the east coast's Yankees and Southerners.

It is not surprising, therefore, that people of the Pacific Coast gave their presidential preference to the same man in 1932, to Franklin Roosevelt; nor that they voted with similar unanimity in 1928 for Herbert Hoover, in 1924 for Calvin Coolidge, and in 1920 for Warren Harding.

Thus for four presidential quadrenniums these folk have thought alike politically; and as they voted so did the nation. Their candidate always won.

Oregon, cradle of progressive ideas in the statesmanship of a generation

ago, yields now to California; for California can boast of being the birthplace of Upton Sinclair's scheme to end poverty and Dr. Townsend's plan to restore prosperity.

The Pacific Coast did not fare very well in matters of agricultural relief dispensed by the New Deal. Rental and benefit payments for the three states combined are less than the amount sent to South Dakota alone. Yet the value of their farm products is nine times that of South Dakota. Coöperative marketing is a good substitute for AAA.

But Uncle Sam's other spending agencies have made amends for meager agricultural relief. Not one but two great bridges are spanning the waters around San Francisco. In the southern part of the same state the Boulder Dam project has approached completion. To the north, in Washington and Oregon, are the newer projects at Grand Coulee and Bonneville. The west coast has no cause to complain about public works.

Republicans explain the phenomena by charging that the vast army on the relief rolls, together with their families, anxious to continue Uncle Sam as a Santa Claus, are registering Democratic regardless of former party affiliation. Thousands of others employed on public works, it is likewise claimed, are playing safe.

On the other hand, the Democratic leaders declare it indicative of a spontaneous movement for the reelection of President Roosevelt.

It is not unlikely that those on relief have registered first. The average citizen generally postpones his civic responsibilities until the last minute and then awakens to the fact that a primary is approaching. When this awakening occurs Republicans may gain. Time alone can determine what the final registration will show. There are reports that the Townsends are not registering, awaiting final announcement of the policy of Dr. Townsend in the formation of a new national party.

The *Literary Digest* poll on New Deal policies showed that 40.72 per cent of California voters contacted were in favor of Roosevelt's policies, and 59.28 per cent in opposition. This is not, however, in line with registration to date.

Every indication points to a split within the Democratic party in California. There are two factions, one led by Senator William G. McAdoo and the other sponsored by Culbert L. Olson, who heads the Democratic State Central Committee and supported Upton Sinclair when the Epic candidate was defeated for Governor in the last state campaign. Both factions desire to name the delegates, but both announce that they are for the reelection of President Roosevelt. The Epic group, however, makes certain reservations. A determined effort is being made to pass

## California: Pivotal and Doubtful

By JOSEPH R. KNOWLAND  
*Publisher, Oakland Tribune*

CALIFORNIA has gained the reputation of being a pivotal state in presidential elections since the Hughes-Wilson contest. This is one reason why the political situation in California attracts more than ordinary attention. The Townsend Old Age Pension proposal, advocated by Dr. Townsend of this state, is likely to have some bearing on the general situation.

Politics in California have become most hectic during recent years. It is difficult to make accurate predictions, as the situation changes from day to day. It is possible, however, to mention a number of factors

likely to have direct bearing upon the results in California in November.

The voters must re-register this year, and registration opened on January 1. To date less than half of those eligible to become voters have enrolled, but the results are most surprising. Those designating themselves as Democrats have a substantial lead, the first time this has happened within the past few decades at least. Counties that have been Republican by substantial majorities, like Alameda and Los Angeles, show Democratic registration in the majority. It is upsetting calculations.

the buck to President Roosevelt in selecting delegates, but to date he has displayed some shyness in accepting this responsibility as between California's contending factions. It would appear that there is little likelihood of the Democratic breach being healed except on the surface.

The Republican party in California is by no means united. Herbert Hoover has given no indication of what his attitude eventually may be, although it is quite definite that he will not permit his name to be used in the primary on May 5.

The latest move came on February 6, when the chairman of the Republican State Central Committee, Earl Warren, after sounding out sentiment throughout the state, appointed a group of representative Republicans from all sections of California to devise a harmony plan in the selection of delegates to the national convention. The group favors the selection of an unpledged delegation and will unquestionably make such a recommendation. The movement is backed by many leading Republicans and Republican newspapers.

Owing to a queer primary law it is almost impossible to elect an unpledged delegation unless the name of some candidate is used. This is the only method by which one cross will mark the entire ballot. Otherwise, voters must stamp at least forty-three names, with possibly a hundred independents running.

There is talk of Governor Merriam announcing his candidacy for President. Recently he indicated that he might be content to permit the use of his name with an announcement that the delegates would be released the day after the presidential primary election. This would, in effect, mean the selection of an unpledged delegation from California, free to use its

best judgment and representing various viewpoints as to presidential possibility. Mr. Hoover's friends might consent to such a plan. There is talk also of Senator Borah entering the California primary.

The Hearst papers are backing Governor Landon of Kansas and are not unlikely to urge that he head a ticket in California. Governor Landon must give his consent; and with many of the leading Republicans and Republican newspapers favoring an unpledged delegation the Kansan is likely to move cautiously. There are still other groups opposed to rallying to a ticket headed by Governor Merriam, regardless of any statement the Chief Executive might make. It is therefore apparent that Republicans are not entirely harmonious, although the registration strongly indicates that harmony is necessary for Republican success in November.

Business conditions are showing steady improvement and agricultural prices are generally higher. California farmers were not seriously affected by the Supreme Court's decision on the AAA. These improved economic conditions are capitalized by Democrats, while Republicans point to the mounting costs of government and the imposition of new taxes upon business. Radical groups in control of the maritime unions, who have caused endless strife and crippled the shipping industry at coast points, centering activities in San Francisco, have met encouragement in Washington, Republicans charge. At least no effort has been made to compel an observance by the unions of arbitration agreements conducted under federal authority.

Summing up, it must be apparent that California, from present indications, will keep the nation guessing up to the November election.

the President must make concessions and look to the Left. Senator McAdoo, assumed to be the leader of old-line Democrats, is at war with State Senator Culbert Olson, the Epic leader. Both sides threaten to place delegates in nomination for the Philadelphia convention.

The President promises—or threatens—to pick his own delegates, which may mean that he will attempt to compromise the row, insure an instructed delegation for himself, and put a quietus on the war which has already disrupted party solidarity.

Then there is the Townsend Plan, which is a California baby and still has a large following, particularly in the southern part of the state. Planners threaten to bolt all established parties and attempt to set up house-keeping for themselves. This particular rash, however, seems to be subsiding as the public comes to study and understand the impossible character of the proposal to pay \$19,000,000,000 to \$24,000,000,000 in old age pensions every year.

The New Deal is unquestionably losing ground in Southern California, but it had a big margin upon which to trade. Whether that margin will prevent the state from swinging back into the Republican column next fall is still a matter for conjecture.

During recent years the radicals, all the way from parlor pinks to red-flag Communists, have centered one of their major efforts in California. There is a strong radical element both in San Francisco and Los Angeles—much less pronounced in the rural and farming sections. The President must go far if he succeeds in placating them. On his record he is past the zenith of his political appeal to this class.

The battle then, in this state, is between radicals and those who still believe in law and order on one hand; new dealers and anti-new dealers on the other. Between those who, still under the spell of the Roosevelt smile, believe he will perform a miracle if left alone, and those who would call a halt on the antics of a Mad Hatter and begin to salvage what remains of our goods, chattels, and credit.

All of which resolves itself into the inevitable conclusion that California is a doubtful state.

Southern California business has been improving; there is more employment; crops are uniformly good; the tourist seasons brought an appreciable volume of new money into the state; the San Diego International Pacific Exposition was a success and goes on this year.

But always in the background is the specter of mounting debt and home and national economic disaster.

(Continued on page 43)

## Viewpoint of Southern California

By HARRY CHANDLER  
Publisher, Los Angeles Times

CALIFORNIA is one of the large unknown quantities in the national political problem.

Normally, over a long period, the state had not strayed from the straight and narrow path of conservative Republicanism in so many years that the commonwealth was permanently pegged in that division, along with Pennsylvania and Iowa. There was, of course, the fluke of 1916, when Wilson carried it by a narrow margin and with it the country and the presidency for a second term.

Then came 1932, since when there has been continual turmoil, until now no man may say, with any degree of

assurance, what will come of it all.

The President, his administration, and the New Deal unquestionably have their followers here in California and in large numbers. Too much federal money has been poured into the state and too much patronage has been judiciously distributed for it to be otherwise.

But, here at least, Roosevelt is not radical enough for the radicals and he is too radical for the conservatives.

Upton Sinclair's Epics polled a vote of approximately 800,000 in the 1934 by-elections. Theoretically much of this bloc is still intact, subject to delivery this year. To keep it in line





## BEARS!

By Morris, George Matthew Adams Service  
Business reaches out for the recovery apple atop the pole, while the bugbear of inflation seeks (maybe) to grab him.



## TAXES

By Brown, in the New York Herald Tribune  
Don't sock the tax-payer, Mr. New Dealer, because it is the year of elections. Such is the message of an age-old law in 1936.



## ON TAP

By Enright, in the New York American  
The New Deal patronage system has done the Yankee civil service no good at all, as actions of Mr. Farley show.



## FLOOD

By Carlisle, in the Des Moines Register  
Faith guides the President of the United States through very high waters, while behind straggle pals, bankers, public.



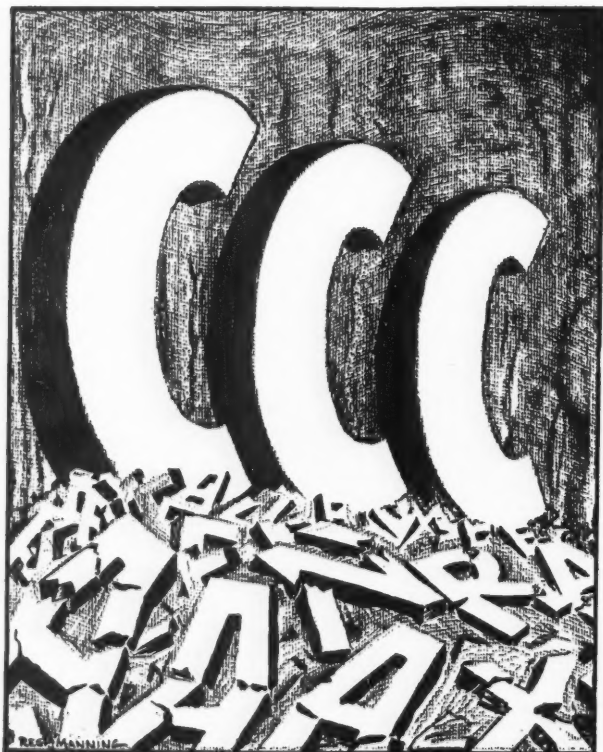
## HOWDY

By Elderman, in the Washington Post  
Senator Borah of Idaho introduces himself to Miss Republican as a presidential candidate of very liberal leanings.



## AMOK

By Smith, in the Chicago Herald and Examiner  
The elephant rushes for Governor Landon of Kansas, despite the efforts of the dumfounded Republican Old Guardsman.



## C. C. C.

By Manning, in the Phoenix Arizona Republic  
Amid the hopeless wreckage of N.R.A. and A.A.A. looms up the more stable C.C.C., or Civilian Conservation Corps.



## WHITHER?

By Fitzpatrick, in the St. Louis Post-Dispatch  
Shall the worker turn to the old-fashioned craft union of the A. F. of L., or shall he go the 1936 way?



What with "pointing with pride" in one direction and "viewing with alarm" in another, the public is nevertheless slowly forming conclusions which seem likely to lead to the repudiation of costly governmental experiments and the return to administrative sanity.

Outstanding leadership is the need of the hour. Many prospective candidates in both parties are nondescripts without real ability along constructive lines. There is nothing whatever basically the matter with California.

Her soil is rich, her industrial development of a high order; her products are in a class by themselves; her people are progressive; her powers of recovery almost unlimited. She has been sorely tried by a flood of radical "isms", by a flood of impecunious immigration that has unfairly taxed both her resources and good nature. She would welcome a chance to get back to earth and carry on.

As a matter of fact, current reports show that the state is leading the country in business recovery.

ities, including a sales tax designed to provide money to meet federal appropriations for old age pensions under the Social Security Act. Other measures beaten were a worthy bill to push the primary back to September; one to provide compulsory fees at state institutions of higher learning for extra curricular activities; and a measure to increase legislators' pay from the present pitiful \$3 per day during sessions.

Federal spending is a factor which must be considered here as elsewhere, and the Santa Claus aspect of the New Deal has made no little impression in this relatively thinly populated state. There are thousands of small workers and little business owners who find themselves in easier circumstances than in 1932—they are apt to put an X in front of Roosevelt electors.

In agricultural Oregon, composed of big wheat ranches in the eastern section and small acreages and orchards in the western area, there was a decided difference of opinion relative to the virtues of the late AAA and its benefits to farmers.

In the same month a big wheat rancher from eastern Oregon and a small diversified farmer from western Oregon who raises prunes, pigs, walnuts, hay, clover seed, potatoes and other vegetables gave the writer their views.

Said the wheat man:

"At last we have an Administration that is doing something for the farmer, and in my section we're strong for Mr. Roosevelt."

Said the small farmer:

"I'm going to sell some pigs in a month. I'm not going to pay the processing tax. I'll go to jail first. Believe me, I'm going to vote against Roosevelt even if the Republicans nominate Hoover. And all my neighbors here feel the same way."

Fortunately for my friend with the pigs that were ready for market, the Supreme Court kept him from the risk of a jail sentence.

## In Conservative Oregon

By PALMER HOYT

Managing Editor, Portland Oregonian

OREGON is a normal Republican state, and ordinarily a conservative one. But Oregon went overwhelmingly for Mr. Roosevelt in 1932, and unless the Republicans can unite on a political superman history is apt to repeat itself this fall.

Oregon is against the New Deal but, paradoxically, is undoubtedly still for Roosevelt. Last December the *Oregonian* conducted a poll of newspaper editors in the small cities of the state, where the editor is pretty close to the "grass roots".

Three significant questions were asked, and the answers thereto are apt to be reflected in the 1936 election in this state. The questions and the answers merit a moment's consideration:

What do your people think of the New Deal?

Favorable .....	28
Unfavorable .....	31
Undecided .....	6

Will Roosevelt carry Oregon in 1936?

Yes .....	49
No .....	30
Undecided .....	6

What do your people think of the Canadian agreement?

Favorable .....	15
Unfavorable .....	55
Undecided .....	15

Of course the AAA decision has put the Canadian agreement out of the limelight, but this is a lumber state and the Canadian agreement is not forgotten; not even by New Deal Democrats.

Referring back to the other two questions, it is evident that Roosevelt is much more popular than his New Deal. Virtually every Oregon bloc has one or more objections to the Roosevelt program, but the individuals who compose those blocs are, in most instances, apt to be pretty strong for Franklin D.

Out here in Oregon, too, we are thinking a lot about the Townsend

movement. Informed persons place the Townsend strength in this state at about 125,000 out of less than 1,000,000 total population. This powerful and thoroughly regimented minority is malleable and disciplined, and the Townsend vote will be plainly seen even if it does not actually dominate the 1936 balloting.

It is not believed that the Townsends will be for Roosevelt. He has not endorsed their plan. The Republican candidate will not be for their plan, either, but a liberal Republican may be favored over Roosevelt. Even so, in the event of a third (Townsend) party, it is apt to be Mr. Roosevelt who will take it on the chin. In the opinion of many, such a coup will save the state for a Republican presidential candidate.

Another factor which will figure in the fall voting is the matter of taxes. Oregon is "tax scared" and there is every indication that voters are becoming worried over the mounting burden of public debt.

Oregon's lack of desire to spend more money or add new laws is clearly shown in the state's straight "no" vote at the special election of January 31, in which four measures were turned down by heavy major-

## The Trend in Washington

By JAMES A. WOOD

Associate Editor, Seattle Times

WASHINGTON is trending, not backward but onward, to its place on the roster of Republican states. The trend is perceptible and steady, though perhaps not as swift as some would like to see it, for a long, long trail is winding between the Hoover 1928 majority of 179,072 and the Roosevelt 1932 majority of 144,615. Many minds must change; many have changed and are changing, and many more will change unless they are

checked by unforeseen events and by new and more satisfying developments in the New Deal.

Washington's Republican record is fairly consistent. Admitted to statehood in 1889 and organized under Republican auspices, it was not until 1932 that the state went wholly and swampingly Democratic.

In 1896 its electoral vote was given to Bryan, but that was by fusion of Populists, Silver Republicans, and

## IN THE ST. LOUIS AREA

*POLITICAL, social, and industrial trends are reported to the REVIEW OF REVIEWS by a business man familiar with conditions in the Missouri Valley.*

NATIONAL political sentiment in the region of which St. Louis is the hub is probably more pro-Democratic than pro-Rooseveltian, a noticeable reversal of conditions which formerly prevailed. Judicial invalidation of New Deal legislation has made the electorate suspicious of all social and economic experiments.

Business men have become outspoken in their criticism of governmental policies, particularly financial. Business men generally condemn the President's program. In some circles he is personally condemned for tactics used by him, as well as for the unsoundness of his policies.

The rural population is inclined to be less critical, but is rather cautious and somewhat noncommittal.

There is a degree of tension in political circles, due largely to factional strife within the ascendant (Democratic) party. Every effort is being put forth by Democratic political leaders to reach a compromise agreement, in order to present a united front on the eve of elections.

Social conditions in this area have undergone improvement. Relief and social agencies are still very active and are seemingly attempting to increase their efficiency as well as their scope of service. Major crimes have somewhat de-

creased. There have been no riots. Juvenile delinquencies are under better control. Substantial progress has been made in slum clearance and in the development of better housing facilities in the neighborhoods of the poorer class. Social clubs and youth activities sponsored by reputable institutions have done, and are still doing, good work.

Business conditions continue to improve in this region served by St. Louis. Substantial gains over the preceding year's levels have been registered in nearly all lines of activity. A most encouraging development is the strong resistance to usual seasonal influences which tend to depress business during the late fall and winter months. Expected recessions failed to materialize or were of minor proportions.

Especially significant is the improvement of the durable goods industries. Production of iron, steel, bituminous coal, lumber, and building materials has expanded noticeably.

Retail and wholesale trades show moderately larger volumes than last year. Agricultural prospects are favorable; prices are firm and weather conditions beneficial.

Financial trends are good. Banks are highly liquid, borrowings are negligible. Credit collections are satisfactory and commercial failures have declined.

Democrats, with no community of interest beyond 16-to-1.

Four years later McKinley carried the state. There was no slip from conservative Republican moorings thereafter until 1912, when Theodore Roosevelt was given a big plurality. In 1916 the common desire to be kept out of the war gave the state to Woodrow Wilson.

In each of those departures from Republican faith a Democrat was elected Governor, but all other state offices were filled by Republicans, except in 1896. The Democratic win of 1932 took everything.

C. C. Dill's two years in the House and twelve in the Senate, and Sam B. Hill's thirteen years in the national House of Representatives, complete the record of occasional Democratic leanings in Washington's forty-seven years as a state.

Three forces new to state politics will figure in the doings of this year. Two are non-partisan, the third is Republican. They are the Townsendites—lots of them, though less nu-

merous than in some other states; the new Order of Cincinnatus, an indigenous political organization showing much strength but not yet spread outside state boundaries; and Pro America, an organization of Republican women, already active in Pacific Coast and Rocky Mountain states.

Everyone knows what the Townsendites are asking, but elsewhere it may not have been noted—as it has been in this state—that many of them are asking much more than they expect ever to be given. The campaign for old-age pensions, starting in Washington about ten years ago, resulted in a 1933 legislative enactment requiring the counties to pay \$30 a month to each of the indigent aged. The counties hadn't the money and didn't pay. When Dr. Townsend raised his voice the disappointed old folks rushed eagerly to his plan; it was bigger and better than anything that they had ever before dreamed of.

Through subsequent study and discussion many of these old folks have

become convinced that the Townsend plan is impractical. The federal-state social security arrangement holds prospect of the \$30 they didn't get from the counties. They think it not enough; and so they retain membership and attend meetings of their Townsend Clubs in the hope of ultimate compromise that will yield them \$50 or \$60 a month. The once formidable solidarity of the Townsend movement is softening under pressure of common sense. Only in spots is the \$200-a-month plan likely to result in the success or failure of candidates for office.

The Order of Cincinnatus is a youth movement originating in Seattle, admitting no one to active membership above the age of 36. In two years it has captured one-third of the Seattle city council and its candidates have been elected in other cities. The principles of the Order may be summed up in the words "Clean government and economical use of public funds". So far the record is spotless, and the Order has gained rapidly in public confidence. Non-partisan, it is extremely conservative, and views New Deal extravagances with distaste that borders upon abhorrence. The growing membership in this Order of Cincinnatus, already well up in the thousands, may certainly be counted for new national leadership.

Pro America, also of Seattle origin, is wholly devoted to fostering the interest and activity of women on behalf of the Republican party. Mrs. Theodore Roosevelt, Sr., is its honorary president. It is running up a substantial and hard-working membership in this and other states for its first participation in a national political campaign.

The unearned money poured into the state of Washington in federal gifts and loans has had, until lately, the same appeal as elsewhere. The biggest of these gifts is in the development of the Grand Coulee power and reclamation project, particularly dear to the people of the eastern part of the state. Washington also shares with Oregon in the similar great Columbia River project at Bonneville. These things were promised by Mr. Roosevelt the candidate, and President Roosevelt speedily set them under way. To build takes time; and this year the people will be threatened with the stoppage and abandonment of such projects unless he who started them is held in authority to finish them. It will be a more or less effective threat in an election year.

Otherwise the inpour of federal money has been very large, as much in proportion to population as in other states, always excepting the specially favored South and Middle West. In

(Continued on page 74)

# DID TOWNSEND WIN IN MICHIGAN?

BY JOHN LELAND MECHEM

What really happened when the Townsendites crashed through to congressional triumph in the Third District. Do the 262,000 people immediately concerned really want that "plan"?

ACROSS the front page of Battle Creek papers on December 12, 1935, was the legend, "Eyes of Millions Seen on District". The reaction in the mind of the citizenry varied according to their interests, ideas, and even ideals. On the street it was smilingly taken as good advertising, and it pays to advertise. Who would pay? The 262,000 people of the Third Michigan Congressional District, who on December 17 were to choose a successor to Congressman Kimball. In October the hand of death for the third successive time had relieved the district of its representative.

At first the fatal chair seemed to go begging for an occupant. It was conceded throughout the district that Kalamazoo should name the Republican candidate, but its committee seemed unable to make a decision. In 1934 Mr. Kimball had been opposed by Dr. Upjohn, who now thought this his opportunity. His fellow Republicans considered his seventy years a disqualification; and as a matter of fact he died in January of this year. No suitable person seemed to desire the nomination.

Finally, they selected 28-year-old Woodbury Ransom, a banker and wealthy, hitherto unknown to politics.

The choice was not entirely acceptable to the rest of the district. Other candidates blossomed forth. Joe Baldwin, State Senator from Albion, sounded the call "Be for Baldwin". William J. Kearney, also of Albion, presented his four-year record as Calhoun County Prosecutor. William Smith of Charlotte, son of a former and popular Congressman, and a patent lawyer of Washington, D. C., and farm-owner of Eaton County, offered his services and told the electorate that what they needed in Washington was "a contact man who knew his way around".

Dr. Upjohn was still unsatisfied. In

Battle Creek was attorney Verner Main, a churchman and prohibitionist, formerly a Methodist, latterly a Presbyterian. Scarcely 24 hours before the deadline for filing, Dr. Upjohn telephoned Main asking him to run. Main consented. A young man in Kalamazoo, active in church circles, collected and filed the petitions in time. Shortly thereafter Main endorsed the Townsend Plan, payment of soldiers' bonus, no inflation, balanced budget, etc.—everything, as the *Detroit Free Press* wrote, "except a California-Florida climate for Michigan and he would have, had they asked for it or he had thought of it".

## The Doctor's Visit

The Townsend issue was not taken seriously until Dr. Townsend's arrival on November 14. He addressed enthusiastic audiences in Kalamazoo and Battle Creek. Thousands were turned away. These audiences pledged themselves to vote in support of the Townsend Plan and get five others to support it; they showered money in the hats when passed. Townsend clubs sprouted like weeds throughout the district. People thought of nothing but \$200 a month for the rest of their lives.

Townsend leaders demanded of candidates signed affidavits endorsing the Townsend Plan. Baldwin and Smith refused. Only Kearney denounced the plan and made it a campaign issue. Vainly he tried to make the people see the dire results. Useless. As well try to moderate the howling blizzard. The vote in the Republican primary on November 19 gave Main 13,418 out of 25,282 total, or 53 per cent. One phase of the election was ended.

Main stated: "There is little doubt that the visit of Dr. Francis E. Town-

send to the district during the latter days of the primary campaign had much to do with the unexpected proportions of my vote. I am personally and politically much indebted to Dr. Townsend".

The Townsend-Republican candidate then faced Howard W. Cavanagh, sole choice of the Democrats, a state committeeman, conservative, well-known and respected by the Bar and the community, of whom the *Charlotte Republican-Tribune* on November 29 said: "Fortunately for the district Cavanagh is above the cross-section average of candidates. Party lines will be hopelessly broken down".

Political advertising prior to the primary carried Main's endorsement of the "Townsend Old Age Pension Plan". Thereafter he attacked the New Deal. On December 10 the *Detroit Free Press* headlined: "Governor Aids Townsend Man. Says G. O. P. Needn't Spurn Candidate".

On December 6 Main addressed the Michigan Republican Women's Clubs in Jackson, informing them the party could win only with Townsend help. He stated then and on other occasions that the \$200 was only a maximum to insure a minimum.

On December 12 the Battle Creek *Enquirer-News* headlined: "Eyes of Millions Seen on District. Co-Author of Townsend Plan Stresses Importance of Election. Claims \$200 Is Minimum". R. E. Clements had spoken in Battle Creek the evening before. The *Moon-Journal* headlined: "Clements Says Townsend Plan Sole Issue", and on the 14th spread across its front page: "Founder of Pension Plan Tells Supporters He Will Have No Divided Loyalty. Desert Old Political Affiliations or We Don't Want You, Leader Tells Congressmen Who Are Attempting To Get on O. A. R. P.

(Continued on page 74)



# STOP THE SLAUGHTER!

BY ALAN H. TRIPP

What practical measures can be taken to reduce the number of automobile accidents? Here are some suggestions. Do they appeal to you? What ideas have you to offer? We want to hear them.

THE WRITER is a veteran salesman who drives on an average 35,000 miles per year while traveling in northern Michigan, southern Minnesota, Wisconsin, and western Illinois (outside of Chicago). This article is the result of a survey in which over 1,000 motorists were asked this question: "What would you do to stop automobile accidents?"

What we need today are leaders, men with ideas, men who can at least give their ideas to others. Those others can pick out the flaws, and add something, so that the great voice of Public Opinion can mold plans and laws for the benefit of the human race at large.

Our daily press and our magazines, in printing copy about the terrific slaughter of our citizens by automobile drivers, have used up enough ink to float a battleship.

I have made a comprehensive survey in my own way and have interviewed more than 1,000 automobile drivers, traffic cops, motor cops, etc., and here is the result of this survey:

Sixty-five per cent of accidents are caused by speed—not on a curve, but by a car trying to pass another car.

ON the opposite page is an example of wise planning to eliminate accidents. Review of Reviews will welcome practical suggestions from readers on phases of this serious problem. Space will be devoted in future issues as interest develops.

In the next issue will be printed a survey of what is being done by state motor vehicle departments, various localities, and insurance companies, to help stop this annual slaughter.

He can't make it. Distance too short. Consequently he side-wipes the other car, which generally tips over or goes into the ditch.

Sixty-five per cent of drivers interviewed do not want the speed of cars reduced. They want wider roads and no ditches, or better protection on the road where ditches are deep.

Twenty-five per cent want a uniform speed law of 50 miles per hour.

Nearly every man interviewed spoke for uniform traffic light and uniform traffic law regulation.

## Some Suggestions

From what I gather, the following plan would greatly decrease our motor accidents.

First. Each state to have a motor vehicle complaint department. Should a motorist pass or witness a careless driver, he should take the car license, time and place, and report on a postal card to the Complaint Department of the State Highway Commission, whose duty it would be to investigate such complaint. If we all knew that the man in back of us might notify the State Highway Department we would not be apt to pass a car on a hill when we can't see over the top. This would help to prevent accidents.

Second. All main highways to be 3-lane highways. Instead of having a 6 inch black or white line between highways, the line to be 24 inches wide. When roads were first built the speed limit was 35 miles per hour. It was all right then to have 6 inches between the two moving cars at 35 miles per hour. Why? Because at 35 miles your car is under some control. At 65 or 70 miles your car is not under control. Highway engineers who allow two moving bodies going in opposite directions at 65 to

80 miles, with only a 6 inch black line between them, are building roads to kill people, not save them. If we had 24 inches between our roads, and knew we had to keep in our own lane except when passing, we would not be so likely to hit the other car. This would prevent easily one-half of the accidents.

Third. No more building of new roads until all main highways are made 3-lane highways.

Fourth. No more building of new roads until all ditches are done away with. Ditches must be filled in level with the road and drained, a bank of earth 3 feet high to be at the side of each road. All curves to be straightened out where possible, with protection bars placed on all dangerous spots.

Fifth. No car to be permitted to drive on any highway faster than 60 miles per hour, a governor to be placed on all cars that will shut off the gas at 60 miles. Motorists object, for 65 per cent are speed crazy.

Sixth. All roads to be patrolled by state police. County roads to be taken care of by county motor-cops, but under the supervision of one state highway police commissioner. State ambulances to be kept at various points in the state, so that motorists can be taken to a hospital if injured. Now no provision for taking care of any person injured on our highways is made by any county or city. Many a woman and child has died because there was no ambulance to rush victims to the hospital.

Seventh. State police patrol should have a telephone at each 8-mile post, with direct connection to the nearest headquarters where any motorist could call for help.

We pay enough tax to drive a car. Why should not all of us motorists get together and back up some plan to prevent this terrible slaughter?

## SUCCESSFUL LIFE SAVING

By HAROLD O. HAYES

How to GET 600 children safely to school, home to lunch, back to school, and home again, as 8900 motorists whisk across their path, no longer worries harried parents just out of Albany along the road to Schenectady, N. Y.

Fronting  $7\frac{1}{2}$  miles of this busy road are 4 schools in which 1400 children are enrolled; children of the daring, fearless lower ages. Six hundred must cross the road to get to school.

During the 18 months prior to the summer of 1935, this innocent looking 24-foot strip of highway proved as hazardous as many miles of trenches during the World War. In that period there were 36 reported accidents, which resulted in 8 deaths and 15 injuries.

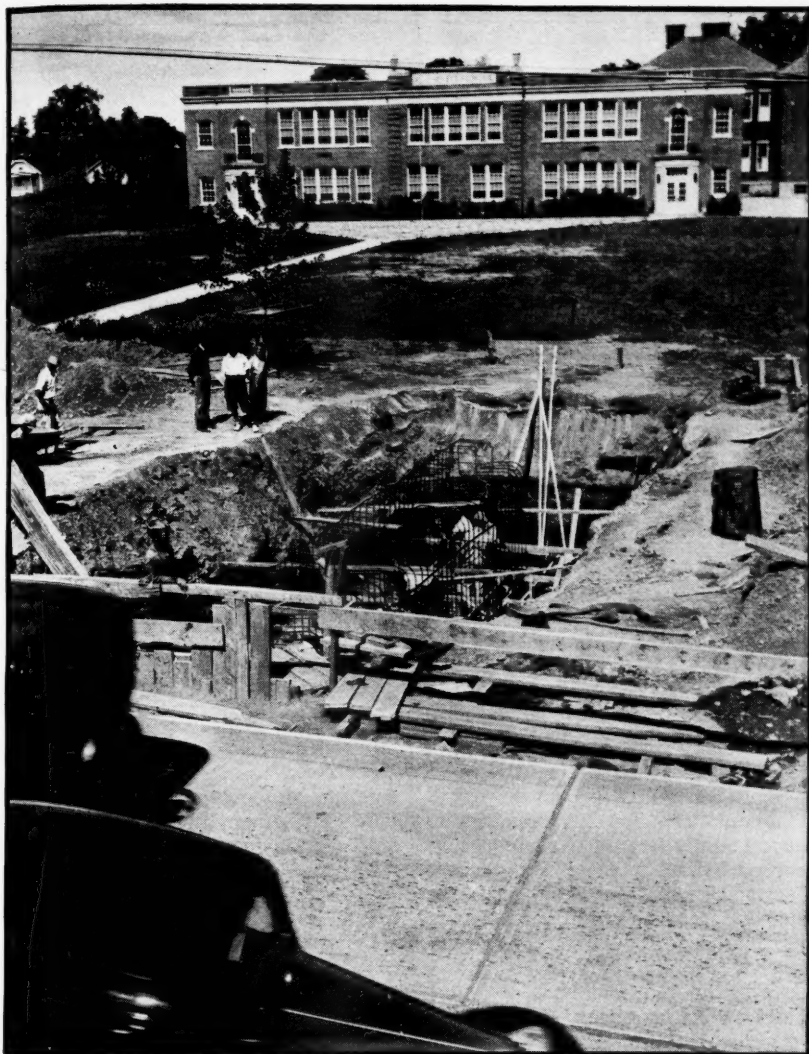
This toll was not of school children alone. Motorists were the prey of each other, too, for traffic is slow on inadequate highways. An open spot ahead may instantly be converted into a certain death trap if two impatient drivers abandon safe driving rules in their hurry.

That was one of many situations facing engineers of the New York State Highway Department as they planned the expenditure of 1935 road funds. Their solution is noteworthy, as it has brought safety both to school children and motorists.

To increase the safety of motorists more pavement was added. Two new lanes of concrete were built, but separated from the old pavement by a 12-foot parkway. This prevents head-on collisions by separating drivers traveling in opposite directions. It has proved to be the safest type of multi-lane construction. Where the parkway is planted with suitable shrubs it also serves as a screen against opposing headlights.

To protect children from less harassed but faster traffic, tunnels were built under the highway at each school; dry, well-lighted tunnels through which the children could thoughtlessly scamper in safety.

As death takes a holiday along this once bloody sector of road, parents of school children attending many of the remaining 262,232 public and 12,035 private schools in the United States may see in this project a way for relief from their omnipresent fear of hazards resulting from the needless mixture of zestful children with fast moving cars.



### UNDERPASS

*This tunnel to permit school children to pass under a busy highway will save many lives every year.*



### PARKWAY

*This twelve-foot strip between traffic lanes prevents head-on collisions—the safest form of highway.*

# BEHIND THE FOREIGN NEWS

BY ROGER SHAW

With a new king of England and emperor of India, it is well to remember that His Royal Majesty controls a quarter of the globe and nearly half a billion polyglot people of many races and creeds.

WITH THE accession of Edward VIII to the British throne, it is interesting to consider what this unmarried 41-year-old rules over in the six continents of the globe. He has under his nominal scepter a full quarter of the world, with a white, black, brown, and yellow population of close to 500 million subjects. Soviet Russia comes second in area, with better than a seventh of the world within her red borders. King Edward "owns" some 13 million square miles, which is not a bad start for a young man. He is, furthermore, supposed by tradition to rule the waves.

## That Royal Domain

He has Great Britain herself, with a population of 46 million. This includes England, Scotland, Wales, and Northern Ireland. Then there are the virtually independent British dominions of Canada, Australia, New Zealand, South Africa, and the Irish Free State. There is the semi-dominion of India, functioning under a new and rather progressive constitution, with 350 million people. The Statute of Westminster, passed in 1931, is the all-dominion charter of liberties. Great Britain is legally only the keystone dominion, and the kingship is connecting link in the network, with the royal navy as convenient go-between. Incidentally, Edward VIII is the last remaining *Cæsar*, except for the petty Czar of Bulgaria. Gone are the Russian Czar, and the German, Austrian, and Turkish Kaisers. Edward's Indian title is Kaiser-i-Hind.

Crown colonies rank next to dominions, and include Newfoundland, Northern and Southern Rhodesia, Kenya, Ceylon, Malta, Gibraltar, Bahamas, Bermuda, Barbados, Hong-kong, and the great naval base of Singapore, strategic center of the em-

pire on an island off the Malay peninsula. These spots are self-governing in various degrees, and in general their executives are responsible not to their local parliaments, but to London. Bankrupt Newfoundland voted herself from dominionhood back to a crown-colony status in 1933.

Protectorates are native states or areas under British guidance. Their inhabitants are *not* British citizens, but are subtly bossed and adequately guarded by the forces of the empire. Nigeria, Uganda, Sarawak, and Zanzibar are some typical examples, as is the African Gold Coast. Protectorates are for the most part undertaken in the veiled or open conquest of the blacks in Africa, but Sarawak—perhaps the most advanced of them all—is situated in Borneo.

Last come the World War mandates, held under League of Nations auspices. These include Palestine, German East Africa, German Southwest Africa, German New Guinea, parts of Samoa, Togoland, and Cameroons. Iraq, which was an Arab mandate, has since 1932 been granted political independence by the empire. Mandates are supposed to be administered for the express benefit of the natives on a non-exploitation basis, and British mandates were formerly the property of Germany or Turkey. These mandated territories are looked after, in detail, by Great Britain, Australia, New Zealand, and the South African Union as mandate-holders. They are well run.

If the reader has any questions on foreign affairs not covered in these pages, Roger Shaw will answer brief queries by letter.

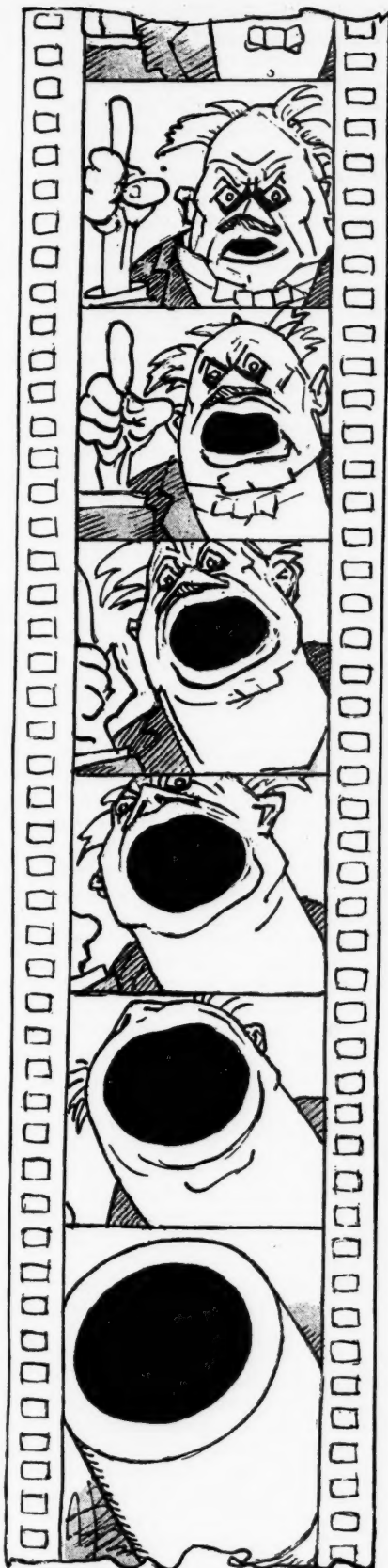
Thus the British empire is the world in miniature. Its many races include Anglo-Saxons, Celts, French, Dutch, Spanish, Germans. There are Hindus, Semites, Chinamen, Mongols, Negroes, Bushmen, Amerinds—Edward VIII is hereditary sachem of the Mohawk revolutionary exiles from New York. As to religions, the empire includes every brand of Protestant, Catholics, Buchmanites, Mohammedans, Brahmins, Confucians, Buddhists, Parsees, Jews, animists, and atheists. The Church of England has an official status, but Christian Scientists are especially influential. His Majesty's numerous communists, and many of His Majesty's intellectuals, are godless. France, Spain, Holland, and Germany have been frisked to form an empire which is so cosmopolitan that the Windsor dynasty is out of Hanover, while the monocled aristocracy is Norman-French.

## Thin Red Line

The lifeline of empire runs from England down through the Straits of Gibraltar, up the Mediterranean through the Suez Canal, down the Red Sea past Aden, and so into the Indian Ocean to the land of Ganges. Hence the row with Italy along this invaluable imperial route, while grimly powerful Singapore watches Japan and aids the friendly Dutch East Indies, and His Majesty's regulars perform their mechanized maneuvers in "independent" Egypt and in India. If 100,000 legionaries policed the Roman world in orderly style, less than 300 warships perform the same function for a much larger British world. In such cases justice and public opinion are stronger imperial links than the iron fist. Alas, Rome had her Goths. Britain, to date, has withstood her Gandhis.

Meanwhile, there is a legitimate





From Kladderadatsch (Berlin)

League of Nations speeches sometimes lead to war, as this witty sketch shows very, very graphically.



From the Herald (London)

## NIPPON

Unhappy Japan supports a whole flock of bellicose admirals, who sit and shout for additions to their august ranks. How long can the impoverished taxpayers stand the load?



From the Cardiff Echo (Wales)

## SILLY

Mussolini and Haile Selassie chase one another 'round and 'round the tree at dizzy speed, each claiming startling victories over the other. And it all leads to absolutely nowhere.

pretender to the British throne. *King Edward please note.* This claimant is Crown Prince Rupert of Bavaria, famous German army commander in the World War. He is of the exiled Stuart lineage, and his royal dynasty still has a few nominal supporters in

England and Scotland, romantic admirers of Bonnie Prince Charlie. The Hanoverian family came to London in 1714, and many aristocrats have considered it quite bourgeois. Rupert, an ultra-blueblood, "awaits" also the little Bavarian throne.

## AMERICA HISPANA

We hear little of what goes on in that Latin New World.

WHAT OF Latin America in these days of stress and strain? Things continue to happen there, but attention is now so focussed on Europe and Africa that they often go quite unnoticed.

Brazil has been through an unsuccessful revolution which was *not* communist, although the government said it was. The rising was backed by units of the regular army, and by aviation cadets, and was led by aristocratic young officers with high ideals. Martial law was declared for sixty days, dozens were killed, and hundreds were imprisoned in the governmental victory of President Getulio Vargas. This worthy himself came into office by a revolution of 1930, which was based on a reform platform.

The original Vargas platform called for an eight-hour day, minimum wages, Sundays off, industrial hygiene, shop committees. Social conditions in Brazil are bad due to natural sloth and also to the overproduction-of-coffee depression. But Vargas failed to live up to his promises, and the recent revolution was simply sponsoring the unfulfilled uplift planks of Vargas himself. It was convenient to label the rising as communist, and communists themselves—ever eager to pose as wicked wonderboys—encouraged this view for publicity purposes. Meanwhile Brazil plods along with an area bigger than the United States, and 40 million people—Portuguese, German, Indian, Japanese, Italian, Negro, and every sort of mixture. She has twenty federal states; but three of them, Sao Paulo, Minas Geraes, and Rio Grande do Sul, take turns in running things.

This has always induced sectionalism of a dangerous sort. The tropical north goes in for coffee, sugar, and rubber; the temperate south for ranching.

Uruguay was the only Latin American land to maintain diplomatic relations with Soviet Russia. These have been severed as a result of the Brazil-

ian revolt, for "pink" Montevideo has been assailed as a center for spreading red propaganda. Little Uruguay feared the wrath of big Brazil, but Russia denies that her minister was a propagandist and tries to arbitrate the matter before the League of Nations, which is reasonable enough. Incidentally, Uruguay is the model country of South America, progressive, emancipated, racially pure white—Spain at her very best. Population is 2 million.

Although the long Chaco war is over, Paraguay and Bolivia are still on bad terms all round. Armies have been reduced to about 5,000 each, but peace is largely a matter of mutual exhaustion. Paraguay wishes to keep

International



*Eleazar Lopez-Contreras is functioning as Venezuelan boss since the death of the super-boss, Gomez.*

all parts of the Gran Chaco jungle occupied in the years of fighting—it totals 100,000 square miles of green hell—and landlocked Bolivia still demands an outlet on the Upper Paraguay River. There are close to 30,000 Bolivian war prisoners yet in Paraguay, and as this is written they have not been released and sent home to their hill-billy Andes haunts. Paraguay is also on bad terms with the Argentine, and competing British and American oil interests have very probably been involved in the gruesome Chaco conflict. Incidentally, the military leadership of Bolivia was German and Czech, while that of the Paraguays was English, French and white Russian. It was a war that nobody knew, yet it was everybody's war except that of the unfortunate local peons who did the fighting.

### What a Dictator!

The extraordinary ruler of Venezuela, old Juan Gomez, finally has passed away, age 78. He was president off and on, but his personal dictatorship was the important thing. Venezuela suffered under this monstrous personality for 27 years, and he was a past-master at blood-purging. Unmarried, he had 80 affectionate children. One was a former vice-president under him. He is said to have amassed close to \$100,000,000. Now the army has taken affairs in hand, under General Eleazar Lopez-Contreras.

Venezuela has abundant oil resources and much foreign investment. Rich, she balances her budget and pays her creditors abroad. There are very good roads built by political jailbirds, who are plentiful, and the peasants pay no land taxes and may borrow heavily and safely from a state farm bank. The Indo-Negro-Spanish population of 3 million is bigoted and inferior, but the Meritorious One (Gomez title) really did some good. Lord Bryce once observed that every country gets just about the government it deserves.

Cuba has now elected Miguel Gomez to the presidency in a somewhat questionable election, although the real dictator continues to be Sergeant Batista of the regular army. Gomez had been liberal mayor of Havana, and was an opponent of the fiercely dictatorial President Machado, who was overthrown in 1933 and is now in exile. Women voted for the first time in this election (they also vote in Brazil and Uruguay), but the radical parties were outlawed, and army regulars are suspected of having taken a part in vote-handling at the polls.

Cuba is certainly not fascist, for her dictatorial ways can hardly be dig-

nified with that telling word. She is now really independent, for the Platt Amendment tethering her to the United States has been repealed for the past two years. But her sugar output depends largely on American consumption and Yankee tariff goodwill, and in this non-repealable sense she continues as one of Uncle Sam's poor relations. Like Venezuela, she is Indo-Negro-Spanish, and Havana continues to function as stamping ground for cheery bad-boys from our forty-eight states. There are 4 million Cubans.

### Below the Rio Grande

Mexico is unique. She has a capitalistic government which uses Bolshevik slogans, speeches, and mural paintings to enlist mass support. Lenin is set up as a national hero, but relations with Soviet Russia were broken off some time ago. The big landholders have not been seriously disturbed, nor is the conflict with foreign capital now of a serious nature. General is still the favorite title for Mexican politicians. True, these are anti-theocratic, but so to some extent are France and the United States. The 16 million Mexicans will perhaps become Aztec-conscious in their trek back to Indian ideology.

Schools are teaching "socialist" education against the protests of local churchmen, but "socialist" education in Mexico seems to correspond to "secular" education in France or America—that is, it is taken out of the hands of religious bodies and is operated instead by the state. The church has also opposed courageously certain subjects taught in Mexican state schools, but many liberal educators in

the United States would approve them, and some are actually teaching them. Meanwhile President Cardenas and ex-President Calles are on very bad terms, the first being more liberal in economic matters, the second more liberal in those affecting religion. Behind that is the eternal Mexican weakness—a clash of ambitious personalities, not of conflicting principles.

In Mexico the reds are chiefly occupied in wearing red shirts. But they shout louder than Moscow.

Unquestionably, Latin America would be a much happier and more stable area if the Spanish conquistadors had failed to arrive early in the sixteenth century. The marvelous Inca civilization of Peru, humane and communistic in the best sense of the word, was spreading slowly over South America, based on justice, social security, and all kinds of peace. The natives could latterly have borrowed gradual innovations from Europe, as has Japan, to progress then on Japanese lines without the untold horror of European exploitation through sword-and-cross. The Jesuits had a splendid mission in their organization of lucky Paraguay, but otherwise "back to the Indian"—the present slogan of progressive Latin Americans—seems a good deal more than justified.

Indian racial stock and Indian folkways never needed Spain in the first place, and the latterday hybrid Indians have come to realize that the very old ways are the new. They will be wise to follow the Japanese ideology—aboriginal culture judiciously combined with European technocracy. There was hope for the Latin Americas before 1500. There will be again.

is better than the Japanese. Terrain, climate, perhaps brains are on the side of the Russians. The Poles are uncertain. All combatants would be plagued by fierce internal dissension, for it would be a battle royal between absolutist dictatorships. Jews of the world would be pro-Russian, while international red-baiters would shout for Germany and Japan. There would be much ado as to the needs of badly over-populated, land-hungry nations in want of colonies. Embittered exiles would return, in secret, to their respective fatherlands to sabotage the regimes which drove them out.

### Away from Home

The exile business is flourishing these days as almost never before. Among the leading German outs, Heinrich Bruening, Kaiser Wilhelm, and the great scientist Einstein may be mentioned. Out of Hungary live Bela Kun and Count Karolyi; beyond Mussolini's clutches dwell Guglielmo Ferrero and Count Sforza. Soviet Russia is getting along without the liberal Kerensky and the too-red Trotsky; while the United States has substituted Colonel Lindbergh for snappy Jimmie Walker as its leading expatriate. These headlines are Napoleons-in-exile of 1936. With them, in comparative obscurity, live a horde of homeless unknown-soldiers and forgotten-men, Jews and Gentiles, reds and whites, warhawks and pacifists.

But of all the ex-men, Kaiser Willi and Leon Trotsky are those two most prominent. They are St. Helena Napoleons of the post-war (or pre-war?) era. The former has lived at Castle Doorn in Holland, in solid comfort, since 1918. He is now 77, remarried and gray-bearded. The other made Russia safe for communism by his skilful military organizing in the red-white civil war and his victorious struggle with the Allies. Now 57, he was exiled by his rival, Josef Stalin, in 1929 and has since lived in Turkey, France, Norway, etc. Brilliant journalist and historian, he is still constantly on the move and on the write.

Which of these two men is a true Napoleon-in-exile? Superficially, the Kaiser seems to fill the bill—an emperor, sequestered by victorious Allies, with former dreams of widespread conquest. Furthermore, Willi feels himself napoleonic, and makes St. Helenish gestures from his royal pseudo-court at Doorn. He still has ardent admirers at home. Along with Krupp, he was the richest citizen of Germany before the war, and by a national referendum held in 1922 the German people voted against confiscation of his vast estates. Today his

## WAR AND EXILE

The "next" World War is pre-  
ceded by swarms of emigrés.

AS TO THE next World War—if any—it will not be between France and Germany. The probable lineup is Soviet Russia versus Germany, Poland, Japan, and maybe lesser fry. Poles and Germans would claim the rich granary of Russian Ukraine, while the gentle Japs would like to take over eastern Siberia for a keepsake, with its mines and fertile soil. If France remains republican, her active sympathies will be with Russia; but if she turns fascist, her aid (of one sort or another) will go to the Germans. The war would be purely de-

fensive on the part of Russia, and the bulk of League and world opinion would be with the embattled Muscovites. Italy, exhausted by Africa, would stay out; while a divided England would doubtless sit on the fence. Back of the holy and Kultural alliance against Russia—which is no flight of fancy—stand certain international munitions and oil interests which have axes to grind. The Soviets, naturally, are very nervous these days.

The new German army is better than the Russian, the Russian army



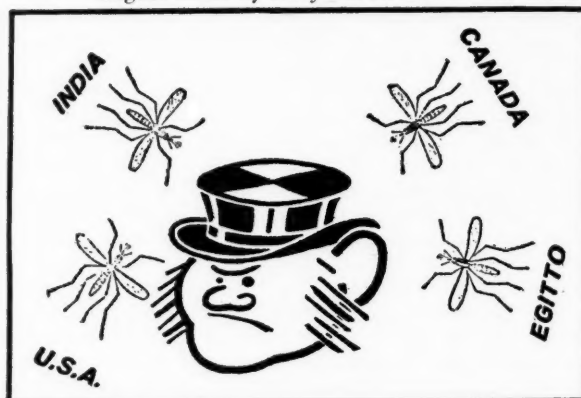


## TRADITION

From the Rome Travaso (Italy)  
Woodrow Wilson: "Bravo, Franklin Roosevelt! A splendid message as regards American neutrality."



From Lumiere (Paris)  
**OIL** The oil-can of Damocles is hanging over the august head of Italy's Iron Duce. So, what?



## BUZZ

From the Rome Ottobre (Italy)  
India, Canada, Egypt, and America are buzzing mosquito-like around J. Bull. The rather optimistic view of Italy.



## SNOWBOUND

From the Birmingham Gazette (England)  
The oil-sanctions omnibus is snowbound while Premier Stanley Baldwin tells Foreign Minister Anthony Eden that he really mustn't drive it. Will it ever get off to a start?

sons and grandsons live in and about Potsdam or Berlin. Though his expressed sympathies were with the nazis and against the republic, the brownshirts scoff at him and hinder remittance of his income from the Reich. Some of his relatives have donned the swastika, none the less.

Meanwhile Trotsky is the true Napoleon-in-shadow. The Corsican's military genius consolidated all popular gains of the French revolution, striking down reactionaries at home and multiple foes abroad. Napoleon was never emperor by the grace of God, but of the red Jacobins. Trotsky pushed sixteen red armies to triumph on as many fronts (1918-21), while he stamped down czarists and anarchists behind the lines with the help of the two-fisted OGPU. After his victories he served as peace-time commissar for electricity and economic concessions. But he stood for perpetual international revolution, rather than for the domestic consolidation of Russia.

Trotsky preferred red propaganda to five-year plans, while Stalin—a personal rival—stood for communism at home. There came a gradual show-down and Stalin won out. Revolutionary Russia repudiated her past-master, just as revolutionary France had repudiated hers. Napoleon was first at Elba; then at St. Helena from 1815 till 1821. Trotsky, to date, has had seven years of exile. His deposition has split communists the world over, just as Bonapartism divided revolutionary France.

## Purple or Red?

Nobody cares any more what the Kaiser says or does or thinks. He is considered harmless. But Trotsky is most dreaded and hated man in the world today. Most countries fear to give him domicile, for his very presence is considered a revolutionary power-house. He is the special bugaboo of the nazis—"Jewish red no. 1"—and is loathed by Stalinite communists. Comfy bourgeois tremble at his name, whisper of his plans for a Fourth International far more radical than the ineffective Third International of Moscow. He has been compared to the Four Horsemen, to the accursed Wandering Jew. Actually, he is kindly, ultra-intelligent, worn out by lung-trouble and public and private difficulties. He may not live much longer. Berlin and Moscow can agree on only one thing in the entire world—on Leon Trotsky.

Such, exactly, was the post-war attitude toward Napoleon Bonaparte, and hence his zealously-guarded exile off the African coast, with periodic hair-raising rumors of his miraculous escape. Trotsky is what Boney was.

# MARCH OF EVENTS

## Presidential Fireworks

January 16. In a speech before farmers at Lincoln, Nebraska, ex-President Hoover attacks the "system of scarcity" and declares: "A new road must be built by which agriculture can get back onto solid ground from the quicksand of the New Deal". He suggests a farm subsidy by which farmers will be able to plant soil conserving crops, and regaining of foreign markets.

January 25. In his long awaited address before the American Liberty League at Washington, former Governor Alfred E. Smith lashes out against the autocratic tendencies of the President, bureaucracy in government, and makes a plea for true Democrats to return to the untouched platform of 1932.

January 28. Senator William E. Borah of Idaho opens his drive for Republican nomination for President in a speech at Kismet Temple in Brooklyn. He urges Republicans not to return to Old Guard politics.

January 28. Jeffersonian Democrats headed by Governor Eugene Talmadge of Georgia meet in Macon to discuss plans for blocking Roosevelt's renomination or reelection.

January 29. In a speech at Topeka, Governor Alf Landon of Kansas makes his opening bid for the presidential nomination of the Republican party. He calls for a battle against "Roosevelt waste, tax-eating bureaucracies, and foes of the Constitution."

## Government

January 17. Thomas Jefferson Coolidge, Under Secretary of the Treasury since April 1934, resigns his post. Although his letter of resignation was pleasant it is believed that he is one more Treasury official to quit in disagreement with the Administration's money and budget policies.

January 20. The Supreme Court orders \$200,000,000 of AAA processing taxes returned to those who had paid them before the AAA was declared unconstitutional.

January 27. New appointments to the revamped Federal Reserve Board include Joseph A. Broderick, Ronald Ransom, John McKee, and Ralph W. Morrison. Mr. Broderick, former Superintendent of Banks for the State of New York, will serve for fourteen years; Mr. McKee, chief of the examining board of the RFC, for ten years; and Mr. Ransom, executive vice-president of the First National Bank of Atlanta, and Mr. Morrison, Texas rancher and business man, for two years each.

February 3. President Roosevelt in a brief message to Congress urges the repeal of the Bankhead Cotton act, Kerr-Smith Tobacco act, and the Potato Control act.

February 4. The Senate votes to repeal the Bankhead Cotton act, Kerr-Smith Tobacco act, and the Potato Control act.

## Bonus History

January 20. The compromise bill for the immediate payment of the veteran's bonus, in bonds of \$50 denomination, passes the Senate.

January 22. The Baby Bonus Bond bill passes the House.

January 24. President Roosevelt sends his veto of the Bonus bill to the Congress in his own handwriting. He states that his reasons for such action were as strong today as they were a year ago when he performed a like action.

January 24. Shortly after receiving the President's bonus veto, the House overrides the veto. The vote is 324 to 61.

January 27. The Senate joins the House in overriding the President's veto, by vote of 76-19, and the bonus measure becomes a law.

## Long and Louisiana

January 28. Governor Oscar K. Allen, heir of the Long crown in Louisiana, dies of cerebral hemorrhage. He is succeeded by James A. Noe.

January 31. First official act of Governor J. A. Noe of Louisiana is to appoint Mrs. Huey P. Long, widow of the assassinated Senator, to finish her husband's term.

February 11. The Louisiana newspaper license tax, enacted in 1934 at the request of Senator Huey Long, is declared unconstitutional by the Supreme Court. The decision states that such a tax would abridge the freedom of the press.

## Abroad

February 11. One hundred Catholics are arrested by the nazi government in a drive against communism. They will be charged with conspiracy against the Third Reich.

February 13. Leon Blum, leader of the Socialist party in France, is severely beaten by students of the Camelots du Roi (Henchmen of the King), young group of the royalist Action Francaise.

## George V to Edward VIII

January 21. After a four-day illness brought about by a cold, King George V dies at Sandringham the royal country residence in Norfolk. He was seventy years old and was in the twenty-sixth year of his reign. The Prince of Wales, forty-one years old, becomes King.

February 4. King Edward VIII delivers his first message before the British Parliament. He stresses his thanks to the nation for its loyalty, and promises to promote the welfare of all classes in his dominion.

## EXOTIC AMERICAN PRESS SHOTS

AMERICA has her share of exotic or novel political journals—of many schools. Central organ of the American communist party is the New York *Daily Worker*, a standardized daily newspaper, non-sensational except in its Marxian interpretations. It carries non-Marxian baseball news. Communist party membership in the United States is roughly 30,000, and is strictly regulated. Another communist newspaper of New York is the Yiddish *Freiheit*; and there is that witty red weekly, *New Masses*, edited by Mike Gold. Communists despise New Dealers, liberals, pacifists, and socialists. Here is what the *Daily Worker* thinks of one liberal, Mayor LaGuardia:

"Mayor LaGuardia is a shrewd little politician. He got where he is by posing as a friend of labor, as a champion of the people.

"Today, however, his reputation as a friend of labor is in tatters. The latest exploit of his administration—labor spying against Emergency Relief Bureau employes—again exposes in all its nakedness the opportunist character of this progressive.

"Spying against unionized employes of the E.R.B.—proved up to the hilt by the *Daily Worker* in the last three days—fits in very well with the relief-slashing program of Roosevelt, the Liberty League, and of Hearst.

"No hysterical denials by the Mayor can refute this. Despite all his nice speeches in Washington and elsewhere away from New York, the Mayor has become the agent of the reactionary cut-relief-expenses crowd.

### Workers Should Organize!

"The lesson is very clear: the people of New York must build a powerful, united labor party, based primarily on the 800,000 organized workers in the trade unions of the city, and work towards electing a labor administration."

Semi-fascist seems the little New York *Awakener*, whose name is evidently borrowed from a nazi slogan. It stands for "Americanism of the right" and against "socialism of the left". By socialism it means New Dealers, liberals, and pacifists, as well as reds and pinks. It charges that communists shape our neutrality program. A headline reads "\$330,000 given by F. D. R. for socialist propa-

ganda". It refers to Russian statesmen as "psychopaths of Moscow". This 4-page "national organ of uncensored opinion" tells the following touching tale:

"In this day and age when the bankers, the utilities, the manufacturers and the moguls of big business generally have become the targets for radical agitators of every stripe and are being villified as oppressors of labor, as profiteers, racketeers and iniquitous thieves; when the have-nots are being encouraged to wrest the wealth of the nation from the haves; when labor possesses sufficient political power to lord it over capital; when the destructive forces of the class war run rampant in the land with the President of the United States himself as the chief protagonist, it is refreshing to find a lowly worker giving the lie, in a most impressive manner, to the canards of the socialist-minded coterie.

"John Lenhart was only a pumper in the plants of a far flung industrial enterprise. For forty-five years, he heard the rantings of labor agitators and red revolutionists. His employer was pictured to him as a parasite, as a dishonest capitalist who prospered at the expense of his wage slaves. John did his own thinking and was unimpressed. With the coming of the New Deal, John saw his employer's company singled out for especial attention by labor leaders.

"A few weeks ago John died. When his will was probated it was disclosed that his \$5,000 estate was bequeathed to his employers."

*Fight* is published monthly by the American League against War and Fascism. Its chairman is Dr. Harry Ward of the Union Theological Seminary in New York. *Fight* remarks:

"For more than 150 years the American people have vigilantly guarded their liberties. There were times when our democratic rights were challenged. False issues were projected. Demagogic appeals were made. Even the Constitution and the Declaration of Independence were utilized for the purpose of defeating the very spirit of that Constitution and of the Declaration of Independence. But in the end the people through their own efforts preserved the free press, free speech and the right to organize.

"Now again we are in the midst of a crisis. Vested interests are trying to suppress whatever liberties are ours. Looking toward foreign shores, they see countries like nazi Germany and fascist Italy. There the people have lost their freedom, their trade unions are outlawed, the iron heel is on the pulpit, and the workers, farmers and liberal parties have been suppressed. The propertied interests of Germany and Italy can now do pretty much as they please, and our Chambers of Commerce and our Hearsts envy them. They too would like to exploit people with ease."

### Red Churchmen

The *Catholic Worker* of New York represents the extreme left-wing of church opinion. A monthly newspaper with a circulation of 100,000, the little journal is anti-capitalist and calls itself communitarian. It says:

"Often when people read our paper or glance at the name and headlines they say—That's communism.

"Even communists who come into the office and read pamphlets on social justice and the statements of the American bishops and the encyclicals of the popes say of our Catholic workers—Our aims are the same, why don't you join us in a united front?

"We point out again, Catholicism and communism differ on three main points.

"Communism says—Religion is the opium of the people.

"The Church says—Religion is the hope of the people.

"Communism says—The only way to achieve justice is by class war.

"The Church says—Love your enemies.

"Communism says—Abolish private property.

"The Church says—A certain measure of property should be left at the disposal of man to serve his brother."

The *Townsend National Weekly* is organ of the now embattled old-age planners, with headquarters at Los Angeles and Washington, D. C. Says the determined *Weekly*:

"Briefly, Dr. Townsend proposes to tax the national gross turnover, or transactions of every description, the volume of which, reported by the Federal Reserve Banks for their institutions only, amounts to more than



1200 billions, not the national income, which amounts to only about 50 billions. This transactions tax of 2% will be universally applied.

"The Townsend movement is being welded into a solid phalanx of voters whose one idea is to restore this government to the people. This unit of our voting citizenry is, even today, the majority. Get this, and get it straight! Our people know their strength and are disposed to use it—even as the organized majority in Congress worked to stifle their bill in committee—adapting from them the ruthless method of the steam-roller."

Frank Palmer's *People's Press* of Chicago and New York is a clever combination. It is a weekly tabloid combining popular pictorial features of a decent sort with an American leftist philosophy. It declares:

"*People's Press* now makes public for the first time the New York City black list of dangerous drugs and cosmetics. The names of 48 medical products and 71 cosmetics—many of them nationally advertised—containing ingredients which have caused injury to countless persons and numerous deaths, appear on the list.

"The great newspapers and magazines which profit from the advertising for many of these products will of course not publish the list. The radio stations supported by these same advertisers will not mention it. But we urge every labor, consumer, or other publication concerned with the welfare of its readers to reprint it."

### The Nazis, U. S. A.

Official organ of Friends of the New Germany—American nazis—is a weekly newspaper, *Deutscher Weckruf und Beobachter*, published in the Germanic Yorkville district of New York. This paper is violently anti-semitic and anti-communist, and of course a great admirer of Hitler. Also, it has defended "victim" Hauptmann with great vigor, as against the alleged machinations of justice in Jersey. Typical headlines read:

"Shall hatred and lies triumph over right and truth? Hauptmann's reprieve refused. Governor Hoffman alone can save the condemned. Execution must be stayed."

And again, quoting the Rev. J. C. Fitting of Philadelphia:

"Hauptmann had no more to do with the kidnapping, the extortion of ransom, than I.

"Lindbergh's flight, of course, was timed just right, and for planned propaganda against the life of an innocent man calls for contempt by all friends of fair play; to tie up the hand of justice and mercy, to prevent the re-opening of the case from which Lindbergh could expect nothing to his credit."—R. S.

## SO THEY SAY

BARNEY OLDFIELD:  
*famed auto racer*

"I've driven a million miles in automobiles and only struck one pedestrian. I was eating popcorn at the time."

FRANKFURTER ZEITUNG:  
*makes a report*

"In Hesse and Nassau official orders have been issued prohibiting the mating of bulls owned by Aryans with Jewish-owned cows."

BERNARD FAY:  
*French professor*

"The English editing of European news for America has one great advantage—it makes for a homogeneous and harmonious output of information!"

CONSUMERS' COUNCIL:  
*New Deal organism*

"American women sit down too much, causing their hips to spread 1½ inches."

MARY MILLER:  
*on Herbert Hoover*

"No words can describe the beauty that I see in him."

ENID SZANTHO:  
*concert singer*

"It is much nicer listening to good jazz than to mediocre classical music."

ORGAN GRINDER:  
*stopped by N. Y. police*

"People want, I play. Cops? Fffft!"

PIERRE CRABITES:  
*analyzes the Gallics*

"Frenchmen are born bureaucrats. They prefer red tape to an aperitif, even when the other man buys the drink."

REV. J. L. SCHULER:  
*fears the ladies*

"I always fear for a man who pats a woman on the back while shaking hands. I think it is being free."

FRANK SULLIVAN:  
*views world politics*

"The Frog hates the Heinie; the Heinie, the Jew,  
The world's in a hell of a hullabaloo."

LADY CAVENDISH:  
*won't look at cameras*

"No! I'd rather look at the officers. I just love policemen."

HERBERT HOOVER:  
*seems to disagree*

"Mr. Roosevelt's message on the state of the nation might have been entitled War on Earth and Ill Will Among Men."

MELVIN C. EATON:  
*Republican state chairman, N. Y.*

"Some of our party members have for the moment forgotten the fact that infinitely more pleasure may be derived from attacking Democrats than from assailing each other."

# WHAT DOES MUSSOLINI WANT?

BY HIRAM MOTHERWELL

Here is the first of two articles by a famous foreign correspondent on Italy's Iron Duce and his soaring international ambitions, of which the Ethiopian war struggle is only a faint premonition.

## WHAT DOES Mussolini want?

Ethiopia as an Italian colony or protectorate, a place to which his surplus Italians may emigrate and earn a living, a source of minerals and raw materials for his industrialists and capitalists to exploit. True, but the conquest of Ethiopia can hardly be the end-all of the vast military machine which he has created. Mussolini, whatever else you may think of him, is a realist in politics. He is

playing for vastly greater stakes than a protectorate of doubtful value down near the equator. This war, with all its European implications, is a deliberate move in a campaign of expansion which has been in operation ever since Mussolini seized power in the march on Rome in October, 1922.

*The aim of that campaign is an empire of southeastern Europe under a Mussolini dynasty.*

Put thus bluntly, it seems too fan-

tastic to be taken seriously. Yet it is well within the possibilities of achievement in the next decade, and it happens to be exactly what Mussolini is aiming at. I say this from a long study of his politics at close range. Nothing else, and nothing less, will correspond to his public statements and the course which his foreign policy has pursued through the past thirteen years.

The phrase "empire of southeastern Europe" may sound like the fantasy of some romantic politician's oil-lamp. But an empire is a fluid thing. That is what makes Mussolini's dream possible. If he were planning to annex the Balkans to Italy, it would be patently absurd. But an Italian empire over the Balkans, including perhaps Austria and Hungary to the north, is a different thing.

Empire is indirect dominion. It assumes the basic independence of the countries over which it holds sway. That independence may, of course, be a mere pretense, but it may again be very real. Ancient Rome, which is Mussolini's inspiration and model, did not, for hundreds of years, annex the countries which composed its empire. These were not subjects, but *allies*, with Rome quietly saying the last word. Rome to them was not a tyrant, but a best friend. The Roman empire, until the Cæsars took hold, was not a political unit, but a league of nations. Today, the most loyal portions of the British empire, such as Canada and Australia, are for all practical purposes independent nations, subjects not of Great Britain, but only of Great Britain's king.

If you keep in mind this idea of empire as a league of nations, the picture of an empire of southeastern Europe will not sound so impossible. The idea of a Balkan federation, to bring peace to that turbulent peninsula, has for half a century been a



## EMPIRE?

*Here is the troubled area over which Mussolini broods with his blood-and-iron plans of conquest, after Africa.*

dream of European high politics. It has been unrealizable because it lacked the final necessary factor—a strong but largely invisible power, a court of last resort, above and apart from local Balkan quarrels. That power Mussolini intends to become. The Balkan map which he intends to draw would look somewhat as follows.

### The Plan of Empire

Jugoslavia (kingdom of the Serbs, Croats, and Slovenes) disappears, and the three elements become independent nations. Slovenia, formerly part of highly-civilized Austria, gets the port of Fiume, which is nothing in Italy's life except an expensive bit of prestige. Croatia, formerly part of Hungary, gets the neighboring port of Susak. Bulgaria gets part of the territory which she claimed at the end of the first Balkan war. Albania, with her ports of Durazzo and Valona, acquires the envied position which she held in the days of ancient Rome, that of commercial gateway to the east. Greece gets probably no new territory, but security and a share of the Balkan commerce now denied her. And even Serbia, the goat of the whole arrangement, emerges considerably larger than she was before the first Balkan War.

Austria and Hungary are not exactly part of the Balkans. But they are today within Mussolini's sphere of influence (recall how loyally they voted against anti-Italian sanctions proposed by the League of Nations), and would become the natural centers of commercial and industrial organization of the Balkans, as they were before the World War. Austria might possibly win back the German-speaking portion of Czechoslovakia. Hungary would get back from Yugoslavia the rich Banat region and Vojvodynia; also, if luck were kind, the entire portion of present-day Rumania which she once held, west of the Carpathian mountains. The lines cannot be drawn with certainty, of course, because circumstances will govern details; but the broad outline cannot be substantially different from that here outlined—with one possible exception, which will be noted in a moment.

In this entire set-up, there is only one fellow who loses. That is Serbia. Serbia, under this scheme, will be obliged to give up some of the territory she gained in the second Balkan War and World War, also her present unwelcome dominion over the highly-advanced states of Slovenia and Croatia. When eight fellows out of nine can win something, and only one loses, that is a basis for practical politics.



### CAESAR?

*Will this great big war-god turn into a Balkanic emperor, as egocentric founder of an imperial dynasty?*

The one possible variant of note is an independent state of Macedonia. Macedonia has for half a century been a focal point of political disease in the Balkans. An independent Macedonia, as a member of a Balkan federation, would take the Macedonian question out of Balkan politics for all time. Mussolini would probably prefer this. But three states—Serbia, Greece, Bulgaria—would have to contribute to form her territory. If Italy has sufficient power when the time comes, she may force them to stand and deliver. Or she may prefer to let bad enough alone.

### Rarefied Politics

As a purely military operation this scheme of Mussolini's would not be difficult of execution. Everybody in the Balkans hates everybody else. Italy would need only to attack Serbia (not Yugoslavia) and she could have allies all over the peninsula, provided, of course, that she had

promised the spoils adequately to everybody else in advance. But it is not merely a localized military campaign. It is a major adventure in high politics. For this reason:

France, not Italy, is at present patron of the Balkans. When Mitteleuropa was shattered by the Versailles treaties, France took over ultimate authority there. She created the badly balanced nation of Yugoslavia and persuaded it to join the Little Entente, along with Rumania and Czechoslovakia—three countries bound together by the fear that Austria and Hungary might some day become strong enough to win back territories taken from them by the peace treaties. Yugoslavia is an ally of France. If she is attacked, France must help her. If Italy made war on Serbia (nominally Yugoslavia), she would be aiming a blow at the entire French system, and would virtually be making war on France.

The central problem of all Mussolini's foreign policy is this: How to



keep French armies out of the Balkans. The secondary problem is how to keep Britain from assisting France if Italy and France come to blows. If France can be persuaded, or obliged, to renounce her patronage of the Balkans, Mussolini's scheme of empire becomes practical politics. If Mussolini can be free to make war against Serbia without having at the same time to make war against the French army and the British navy, the major aim of his diplomacy is won.

Italy, at the close of the World War, seemed the last country fitted for an imperial career under modern conditions. Her territory is overpopulated; much of her food must be imported, for less than half her land is arable. And the food of industry must be imported, too, for Italy contains little coal and almost none of the basic metals. It has long been an axiom of politics that imperialism is based on the possession of industrial raw materials. But Italy has to buy these things, and to buy them she must export. Yet Italy has no conspicuous quantity exports. It used to be said that the Italian exports were old masters, spaghetti, and emigrants. The emigrants were, indeed, highly profitable to the home economy because of remittances they sent back to relatives at home. But after the war the emigration practically ceased, and so did the remittances.

Italy, again, has a long coast-line. It used to be an axiom of politics that a country with a long coast-line depends on the good will of the nation possessing a preponderant navy—namely, Great Britain. Finally, Italy's prestige as a military power was low. Against a single enemy, Austria, she had made little progress, and there was the clamorous rout of Caporetto to her discredit.

### The Spoils of War?

What had such a nation to bargain with in the hard mart of imperialism? Her status in the international bazaar was correctly assessed by the bargain-hunters of Versailles; she had demanded the entire eastern Adriatic coast as far down as Greece; she received, along this entire coast, only the island village of Zara. She failed to establish her claim to the seaport of Fiume; her armies were defeated by little Albania. Italy was intensely resentful when the Slovenians and Croats, who had fought in the Austro-Hungarian armies until the last day of the war, suddenly became pets of the Allies and were given practically all the territory she had claimed. Italians cried to high heaven, but their politicians explained that what Italy had got was all she could

get; and the majority of the people, longing for peace, agreed. Italy, they said, must be content to live as a good neighbor in Europe, for she had no bargaining power. France ruled the earth, and Great Britain the sea.

This was the Italy to which Mussolini, in 1922, promised empire. His foreign admirers at the time thought that he could be discounted as an international force. He would be useful in crushing Italian Bolshevism, in stabilizing Italian economy, in making the trains run on time. But his speeches on foreign affairs were "for home consumption." They have learned since then to take him at his word.

### Starting from Scratch

Mussolini had to have potential power behind him, or else nuisance value—which in practical politics is often the same thing. What help could Italy offer to an ally? What trouble could she make for those who stood in her way? Very little, it seemed. How could Italy block France, who had the most powerful army in Europe, and a string of allies circling through the continent? Or Great Britain, who could send an overwhelming naval force on short notice to any waters on the globe? France, backed by Great Britain, would never give in.

But times have changed, and Mussolini saw that Italy had a potential power which she could not have had in 1914. France's army, however powerful, was huddled in a far corner of the European continent, and the famous ring of allies encircling Germany had a missing link. That missing link was Italy. Great Britain's sea power was based on the heavy battleship. But naval technique had changed. A torpedo from a submarine or a bomb from an airplane can sink the largest battleship afloat. France needed free access to her allies in eastern Europe; Great Britain needed free access to the eastern Mediterranean, Suez, and the Indian Ocean. Italy, potentially, had a pistol pointed across both highways. Since 1922 Mussolini has been giving France and Britain an occasional peep at these two pistols, intimating how they could shoot when the time came.

When that time comes—when British naval supremacy has been nullified, when France shall have engaged to keep hands off in the Balkans in exchange for Italian aid against Germany, and when the League of Nations' impotence shall have been demonstrated to the world—the imperial march into the Balkans can begin. But it will be no invasion of conquering legions. It will be made to look as painless as possible—

a spontaneous Balkans movement, in fact, rather than an Italian invasion. It will begin, probably, as an independence movement. Slovenia and Croatia, which have several times been near to breaking away from Serbia, will declare their independence, assured of Italian support. Far from taking advantage of the situation, Mussolini will treat the revolters very handsomely.

He will even offer them territory of his own—Fiume. Serbia will fight, and Mussolini will march to support the rights of small nations. Within a week he will have his war machine, already mobilized and serviced by a quarter of a million men, grinding its way into old Serbia from its Albanian starting point, cutting the Vardar valley and marching northward up this old Roman imperial highway. Meanwhile Bulgaria will march from the southeast to recapture the territory which she feels Serbia took from her by force and fraud in the second Balkan War.

Meanwhile Italian armies will be occupying Austria and strengthening Hungary. If Czechoslovakia made trouble (all this is assuming France and Germany are keeping out of it), that would mean Austria's annexing all her German-speaking 3 millions. If Rumania got tough, it would mean the entire Transylvania region returned to Hungary. Italy, with her Balkan allies, could easily handle the Little Entente.

### Mussolini's Own League

And then, the battle over (always according to the Italian program), the age-long dream of a Balkan federation, enlarged now into a south-eastern European federation. Italy will be in the background, offering assistance where requested (and she will see to it that the request is made). A new Congress of Vienna, with Mussolini presiding? A federal council, a tariff union of some kind, with Italy as the executive arm to enforce decrees? A new league of nations, with the federal police power which the Geneva league lacks?

Gradually the fascist technique—the technique of building power from the bottom up—will swing into action. Local pro-Italian fascist parties will gradually get control of each of the federated governments, so that the council, instead of being a representative deliberate body, will become a rubber stamp. Orders will be quietly issued from Rome to the several governments, and the sweet unanimity of their "spontaneous" decisions will be a miracle unheard of in all the turbulent centuries of Balkan history.

In the course of time, if all goes  
(Continued on page 74)

# UNDOUBLING IN BRASS

BY WALLACE MEYER

Many business men have been doing double duty since the depression. Now is the time to ease up, before the doctor makes them.

I DOZED OFF three times in church this morning. It wasn't the minister's fault, for he was in good form. After the third doze I sat up ashamed, and stayed awake. But as I listened to the sermon I looked about me to see if other men might be stealing forty winks as I had done. They were, several of them. Men who hold responsible positions in business life. Men who have been fighting a good fight during the gruelling years since 1930.

Last night a friend who came to dinner stretched himself out on a couch with a book—and slept until ten o'clock. His lady could have scalped him, but I protected his rest because I know how hard he works. He can sleep the clock around in my house if he feels like it.

A few days ago I saw a man sleeping at his desk. He heads a department that has been working days and nights and Sundays closing accounts for 1935. This man drives himself without stint. He must have been tired beyond words to sleep sitting up.

I drop in occasionally of a Friday noon at a university luncheon club. Some of the men I have known for ten years or longer. Doctors, lawyers, bankers, manufacturers, merchants, salesmanagers, consultants, teachers, executives, and two or three advertising men. Last Friday there was no speaker and it developed into an occasion of friendly elbow-to-elbow conversations the length of the table. I began to notice how these men looked in repose, especially those I have known longest. I compared how they look in 1936 with how they did look in 1930. The comparison was not good. For most of them have aged more than men should age in seven years. These men I know, and as I studied their faces I realized that all of them have been doubling in brass during the stormy years.

I have no respect for any man who lacks the courage to double in brass when the going is bad. Business men

must do double stint at times, just as ships' officers do during stormy weather. But after the emergency is over I believe ships' officers have enough common sense to relax. The trouble with many business officers seems to be that they can't relax, can't undouble in brass.

In many business organizations I know men who are in the same boat as those I observed at last Friday's lunch club—they have been working so hard, doing double duty, that it seems impossible for them to take care of themselves any more. They drive themselves until an adverse insurance examination jolts them, or something goes wrong and leads them to their own doctors. Doctors tell me that over-work and over-worry resulting from the depression are beginning to take their toll from men who should now be approaching their most productive years, the years when experience and sound judgment add their priceless power to energy, enthusiasm and loyalty.

Here is another case in point. This afternoon I looked for three fathers who had promised to go skating with their sons. These fathers happen to

like outdoor sports, happen to enjoy being out with their sons—and until recently could be counted on to follow a puck with hockey sticks. But today they didn't come out, although the ice was perfect and the temperature ideal. They were all "too tired".

Another typical example—typical of what I see in my contacts from New York to St. Paul: A headman, the spark plug, the mainspring of a great corporation, is still wondering when and how he will get away for the three weeks which he promised his physician last summer. One of these days his physician may call other medicos into consultation and then the three weeks may be summarily increased to three months—or longer.

What has happened to many men is simply this:

Circumstances forced them to do double duty in recent years.

They took over extra work because of changes or reductions in staff.

They shortened their hours of leisure and lengthened their hours of labor.

They restricted their vacations or gave them up entirely.

Many of these men are in organizations which have begun to add to their personnel. Some of them (of those I know personally) now have enough help to unload much or all of the extra work they are shouldering. If they are wise they will unburden themselves. But it seems more difficult for some men to undouble than to double in brass.

Nevertheless, I believe the most important contribution that can be made to their organizations by men who are still doing extra work that involves extra hours at desk, store, or office, is now to pass on part of the load. Such a procedure will help them last longer, will give them an opportunity for constructive thinking and planning, to say nothing of giving others a chance to develop under responsibility.



Stephen Ronay

*"Wake up, Boss, it's time to go home."*

# HAWAII COMMANDS THE PACIFIC

BY SYDNEY S. BOWMAN

This island paradise is the chief external affiliate of your Uncle Samuel. Our Pacific groupment is important strategically, economically, and as haven for many American visitors.

NATURE, geography, and destiny have conspired to give extraordinary importance to the Hawaiian Islands, America's outriding territory to the west. Standing by themselves in the vast reaches of the Pacific Ocean, these islands are a fairyland beckoning to all travelers. Yet at the same time they are a community of great industrial accomplishments and the practical "central" into which tie the communications of a hemisphere.

The South Sea blandishments of Hawaii still remain. In the atmosphere which they create has grown a modern civilization, missionary inspired, American in its fundamentals. A design for living has been worked out that may not be surpassed anywhere in all the world. Productiveness and prosperity—bred of the application of intelligence, science, energy, to a land of tropical abundance—have here found a permanent home.

Hidden beneath this world of flowers, however, is that sternest of all man's creations, a war base, the strength of which is beyond that existing anywhere else under the sun.

The Pacific Ocean is the largest of all water expanses, covering one-third of the earth's surface. From San Francisco west one travels the open sea for 6,000 miles to reach the nearest point in that circle of continents which faces east, elements in which are Japan, China, the Philippines, New Guinea, and Australia. Aside from an occasional coral atoll that waves a palm tree to a passing steamer, there is no land but Hawaii in all this vast area.

And Hawaii, the only stopping place, is a third of the way across from mainland United States, handier for its uses than for those of any other nation. By dint of great good luck it is firmly welded into the fabric of the nation as an integral part thereof,

as inseparable and as privileged as is Long Island or Catalina Island.

There are eight islands in the Hawaii group. Kauai, a mile high, the garden island, is shaped like a pancake and 106 miles around. Oahu, 20 miles wide and 40 long, nestles Honolulu and masks the biggest guns in the world. Molokai is a rectangular slab of mountain and plain. Lanai has 100 square miles of nothing but pineapples. Maui is as large as Danzig or the Saar Basin, but more peaceful under a tropical sun. Hawaii, the Big Island down at the end, is the size of Connecticut (or all the rest of the territory taken together). Finally there are two small islands from which rise the tallest island mountains in the world.

Superimposed on a map of continental United States, this territory would reach nearly from Canada to the Gulf of Mexico; or from Washington, where the laws are made, to Denver among the Rockies.

## Polynesian Pioneers

These volcanic islands stood for ages in their vast solitude poor in vegetation, for few seeds reached them from their distant neighbors. They were practically without animal life save those creatures that travel far by wing. Their existence was unknown to man. It probably was something more than a thousand years ago that, by some unrecorded miracle, Polynesian voyagers reached Hawaii, unbelievable distances from other islands which they occupied, and there took up a permanent abode.

Here was a people that had come out of Asia possibly 10,000 years earlier. They had drifted to the South Sea islands, had prospered and multiplied, and had developed such distinct characteristics as to be set down as one of the five branches

of mankind. They were splendid physical specimens, a bit darker than American Indians, handsome, straight-haired, bold, wise as to the ways of the sea, yet dominated by a kindliness of spirit, a mellowness, a loveliness, that set them quite apart from the bristling combativeness of other races.

A measure of their prowess is the fact that in their outrigger canoes they found and colonized these Hawaiian Islands, specks in the ocean 2,400 miles from Tahiti whence they probably came. Norsemen, boldest navigators in the Anglo-Saxon background, never performed a feat so amazing.

The Polynesians brought with them pigs and chickens, yams, taros, coconuts, breadfruit. Living largely from the sea, they prospered. There may have been 200,000 or more of them in the Islands when Captain James Cook, British explorer, stumbled upon them 150 years ago. The inevitable happened. The backward race was overwhelmed by the more advanced and has tended to disappear. But in passing we note two influences of this South Sea people that have brought new blood to the American strain: They have handed down a stalwart stature and dark handsomeness to many a resident of Hawaii, and they have left a mellow and affection-breeding mildness that is unusual in a strife-ridden world.

The epic of the New England missionary began to write itself in Hawaii early in the nineteenth century and has contributed outstandingly to the making of the modern community. These purveyors of the gospel to dwellers in far places constituted an exceedingly upright and earnest group which supplemented its primary urge for conversion with an extraordinary enthusiasm for education. Wherever one of them built a



grass shack he forthwith began to teach. By the middle of the century there were such excellent schools in Hawaii that Californians, before the days of the transcontinental railroad, sent their children there for a thorough education.

More missionaries of the same stern stock continued to come. They reared families, thus increasing the numbers of their kind. These prospered and always sent their youngsters back to the States for schooling. For generations the percentage of college graduates in the Islands has been high.

### American in Spirit

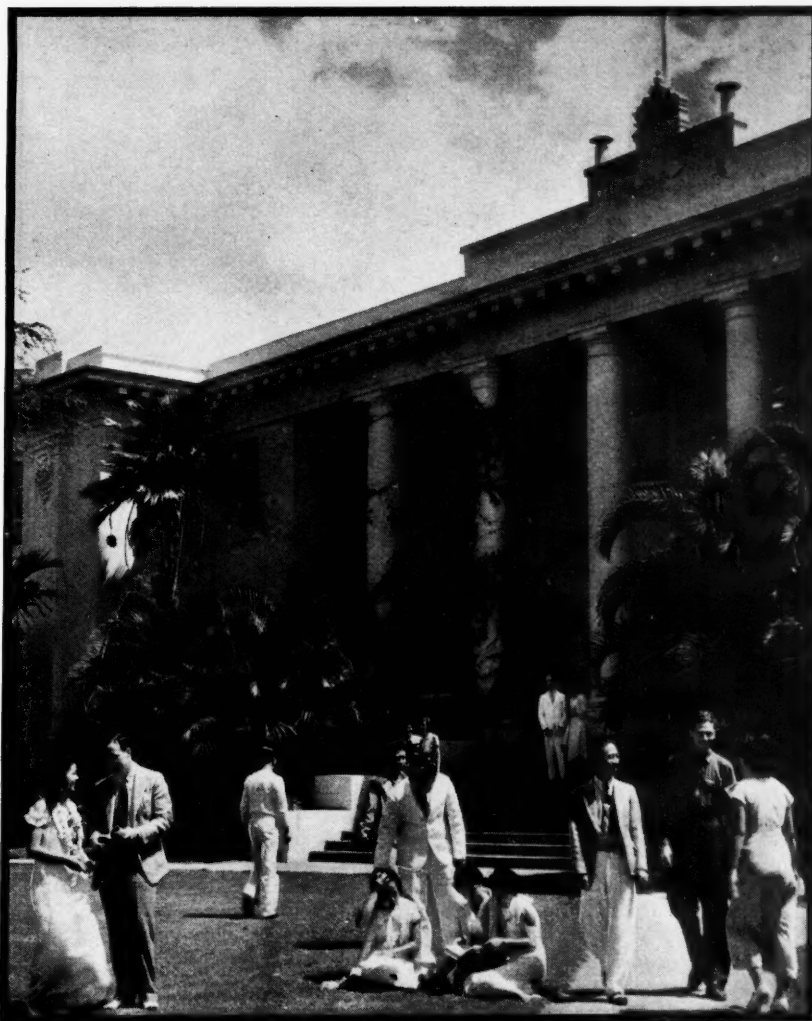
Hawaii would not have come to the United States but for these missionaries who—though residents of a Polynesian kingdom for generations—were still in spirit Americans. Through the decades of the nineteenth century they furnished intellectual guidance to the native group. Most of that time members of this missionary class were at the elbows of succeeding rulers, who strove none too successfully to adjust themselves to the unaccustomed world with which they had so recently been brought in contact.

Helpless and inviting as Hawaii was, it is a miracle that it escaped appropriation by France, Russia, England, or Japan, all of which coveted it. The fact that it voluntarily applied to the United States for annexation, in the nineties, was entirely due to the missionary influence. The Democrats under Cleveland refused to accept it. But the Republicans under McKinley, urged on by events of the Spanish American War, did so.

This annexation of Hawaii, a free country, at its own invitation, and its establishment as a territory, placed it on a basis quite different from that of areas acquired by conquest or purchase. Hawaii's rights were similar to those of Texas. It was made an integral part of the country, with all the privileges of self-government and all the obligations of citizenship. It was made a territory, with all the implications of eventual statehood that attached to Missouri, or Colorado, or California when they were given a similar status.

Even before Hawaii's annexation its sugar plantations promised to rank as a dominant industry. And the sugar industry is peculiar in that its logical operation is not by small farmers, but in large units that employ much labor.

Thus was the stage set for the unfolding of what is modern Hawaii. In the first place, life in Hawaii is different from that in other tropical lands. Activities that require driving energies thrive there. Polo, admittedly a



**AMERICANS** *The University of Hawaii, at Honolulu, boasts an enrollment of 3000, of many races, and a faculty of 250.*



**DEFENSE** *Troops, stationed at Hawaii, filing past the reviewing stand at Kapiolani Park, Honolulu, on Armistice Day.*



## MODERN

*Preparing the soil on a Oahu sugar-cane plantation; use of large scale methods insures low production costs.*



## SCIENCE

*A planters association experiment station tries a successful mass-pollination method of sugar-cane crossing.*

vigorous sport, is popular. Sugar and pineapples, which require a great deal of human labor, are the chief industries. It is a white man's country where people from colder climes, accustomed through the generations to the bite of frost, live with unabated energy.

The reason for this rests in the peculiarity of its climate. It is tropical, since the thermometer in its nearest approach to winter never goes below 65. But it is never torridly hot, since its highest reach in Honolulu in forty years has been 88. The low summer temperatures result from the presence of vast stretches of water roundabout, and the constant trade wind that blows from the northeast and is always cool.

Here is a thermometer range which allows tropical plants to grow unceasingly through the twelve months but does not prove enervating to the human animal. It is upon this growing weather for plants combined with working weather for men that the chief industries of Hawaii have been based. And, after all, the success of the territory as a going concern lies in its productiveness from the soil.

The ideal working community, sociologists say, is one that may be taken out into the country and made to provide permanent employment with adequate consideration of health and social opportunity. A Hawaiian sugar plantation is such an industry. There are forty of them in the Islands (producing an aggregate of a million tons of sugar a year), each scientifically organized from the welfare standpoint.

An air voyager may come riding out of the mists of the vast Pacific, scanning the horizon for land. A headland emerges. As the scene clarifies, signs of human habitation intrude themselves. Mosaics that are canefields plot themselves on the plain. A sprawling industrial plant that turns out to be a sugar mill, surrounded by a formal village, occupies the foreground. It may be that 3,000 or even 5,000 people live on this one plantation, busy with the business of providing sweetening for the coffee of multitudes overseas.

## Successful Planters

These Hawaiian sugar people are among the most scientific farmers in all the world. They spend half a million dollars a year on scientific research. Every acre may receive \$400 worth of fertilizer. From a single well more water is pumped for irrigation than is required to supply the city of San Francisco. Nowhere else on earth are such crops raised.

These workmen in the village be-





*"I want to bring the children to your office, Doctor. They seem well, but it is time for another examination."*

## When do you see your Doctor?

**I**F YOU wait until sickness develops you are taking advantage of only part of your doctor's skill. Make him your Health Counsellor at all times—not only when you are ill, but when you are well. It is the modern way to take care of yourself.

See your doctor at regular intervals. He is familiar with the prevention of various diseases which were once regarded as almost unavoidable, and the control of others that less than forty years ago were often fatal.

Do you know the latest findings of medical science on such subjects as preventive inoculation and vaccination? Do you know that the heart and other organs should be carefully examined, after every attack of an infectious disease, to see whether or not they need temporary or continuing care to lessen the danger of lasting injury?



You and the other members of your family should have a regular and complete physical checkup. Unsuspected impairments, abnormalities, deformities and bad health habits may be discovered and corrected. There are certain conditions which do not produce immediate symptoms, but which will do so in the future if left uncorrected. Let your doctor advise you on matters of diet, rest and exercise.

The Metropolitan from time to time reports how physicians help people to prevent many diseases and ailments which afflict different age groups — Babyhood; Childhood; Adolescence; the Age of Maturity; the Prime of Life; and the Sunset Years.

The Metropolitan will be glad to mail free its booklet on health protection at all ages. Send for your copy of "Taking Your Bearings." Address Booklet Department 336-V.

**Keep Healthy—Be Examined Regularly**

# METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT

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low are well paid, are provided cottages rent free, hospitals when ill, good American schools for their children. Sugar becomes the mainstay of these islands. It is domestic sugar, produced within the boundaries of the United States, sent to market in American bottoms, and consumed within this country.

Yonder on the rolling hills, above the sugar plantations, the formal pattern of the landscape takes on a different appearance. One block of it, miles square, is as carefully striped as the American flag itself. You learn later that this is a pineapple plantation and that, as a most scientific agricultural wrinkle, strips of paper have been unrolled across it, with holes punched in the paper for planting the pineapple slips. They grow up through the holes, but the paper shades the ground and prevents the growth of weeds.

The olive-green block beside this striped area is a pineapple field coming to maturity. Those ant-like creatures are workmen gathering twenty tons to the acre of this "king of fruits" and hurrying them to the cannery. Hawaii provides 90 per cent of the canned pineapple in the world, and so great are its natural advantages that there is doubt if any other country can ever meet its competition.

Only three countries in the world—Canada, Japan, and the United Kingdom—send more goods to continental United States than does Hawaii. It buys more from the states than does Russia, Mexico, China, Cuba, Brazil, or Argentina. It pays more taxes into the treasury at Washington than does any one of sixteen states. While the government and development of territories and possessions elsewhere have been notoriously expensive to the central government, Hawaii in the thirty-five years that it has been a territory has yielded a net profit of \$160,000,000 to the federal treasury in Washington.

### Concentrated Tropics

The greatest interest in Hawaii for the general public, however, is as a delightful spot to visit. There is nothing in the world just like its welcome to travelers when they arrive at its piers. Every beautiful and exotic plant of all the tropics has been brought to Hawaii. The banyan tree from India spreads its propped branches acres wide. The flame tree sets fire to many a hilltop. Bougainvillea vines sprawl over cozy cottages, and hibiscus hedges present inexhaustible bloom. Every seascape (and 95 per cent of the people live within three miles of the ocean) is framed in tall palms, with huge

clusters of coconuts. The vegetation fascinates the visitor.

There are wonders of nature on all the islands, where mountains still are so new that time has not dulled their edges and they are sharper, more precipitous than elsewhere. To the face of one such cliff trade winds bring the heaviest rainfall in the world, 40 perpendicular feet of it in a year, to create a riotous jungle at its base. Five miles away, on the other side, is a cactus-strewn desert.

### The "Big Show"

Circling the "Big Island", down at the end of the chain, presents the most exotic 400 miles that one is ever likely to drive. He may ride to the very brink of volcanoes and look down into their hot throats. He may drive through forests of ferns as tall as trees. He may loaf along the Kona Coast, which retains undisturbed its South Sea atmosphere and bids the world-weary to sit in its sun and let time go by. But he will settle down, of course, in a segment of the crescent that is Waikiki Beach, and from his "lanai" watch the play of the surfboards and the outrigger canoes in the breakers which performances never lose their charm.

Will Rogers said that Hawaii is the most delightful spot in all the world to visit. Mark Twain called it "the loveliest fleet of islands that lies anchored in any sea". From landing to departure there is constant interest on the part of the visitor in the character of the population.

Oriental immigration into Hawaii ceased in 1908. The old fellows, actually born in China or Japan, are rapidly disappearing. Their sons and grandsons, American citizens, born in the Islands and brought up in American schools, are functioning in the presence of the melting pot as have other nationalities through the generations. History is destined to repeat itself, and eventually they will be overwhelmed as have been other small minorities in the making of a nation.

In the thirty-five years that Hawaii has been a territory its affairs have run so smoothly that they have required practically no attention from Washington. Governor, territorial secretary, and judges have been appointed from Washington, but otherwise the territory has been self-governing. It has tied into Washington through the Department of the Interior. The territorial legislature levies the taxes, which are collected and disbursed just as in the states. County and municipal government is on the same basis. All have established commendable records of efficiency.

But Hawaii, fair and somnolent in its southern solitude, is being made to play a stern rôle in the nation's scheme of defense. Two thousand miles offshore in the Pacific, it is a strategical outpost to the west. No enemy could approach the mainland coast without leaving its flank exposed. No enemy could pause to engage Hawaii, to overwhelm it, without the expenditure of much time and energy, four or five thousands of miles from its base, while mainland America was preparing.

Such is the strength of Pearl Harbor that overwhelming it would be no mean task for the most ambitious of foes. Schofield Barracks is the strongest army post under the American flag, a full division representing every branch of the service.

Congress recently provided for a modern airfield, and additional air forces are being built up to answer any possible challenge. The nation might some time be called upon to stake its safety upon its Pacific outpost, and every precaution is being taken that she be prepared to give a good account of herself.

An ultra-modern world has found another vital purpose that Hawaii may serve, and in which she has no rival. She makes it possible that airships may fly from America to the Far East, changing weeks into days. There is no other place for a good 5,000 miles, from California west, where an airplane may alight. Hawaii is master of the airlines and ever will remain so, which brings to it an importance that inevitably must increase as progress in this modern miracle of transportation marches on.

### Statehood Soon

Hawaii through the decades has been building itself into a position of obvious importance. It has become not merely a region of blandishments, beckoning to him who is weary and would escape the frenzy of a hurrying world; but it is also a commanding station of stern importance that deserves to be taken seriously by wise and thoughtful men everywhere.

Hawaii insists that it is ripe and ready to be taken into that numerous sisterhood which constitutes the great Yankee Union. Its delegate in Congress has introduced a bill providing for its admission. It has presented its case. It awaits that action which it considers its due, that it may proceed with more assurance to the consummation of that destiny which the events of a developing world have assigned to it. It pledges itself to play to the utmost whatever rôle, gay or tragic, the future may assign while it keeps its solitary vigil as America's outpost to the west.



The Pennsylvania Railroad's latest electrification project links New York with the Nation's Capital... makes possible operating economies and faster, more comfortable service.

## WINGS FOR THE IRON HORSE

The Pennsylvania Railroad's new electric highway from New York to Washington opens another stirring chapter in the annals of transportation. Heretofore railroad electrification was primarily devoted to the improvement of terminal and main line suburban service, to tunnel operations, and the hauling of heavy freight over steep mountain grades. Today it becomes the new order of railroad modernization on major trunk lines... represents a definite advance in the economical readjustment of railroad facilities to the demands of modern travel.

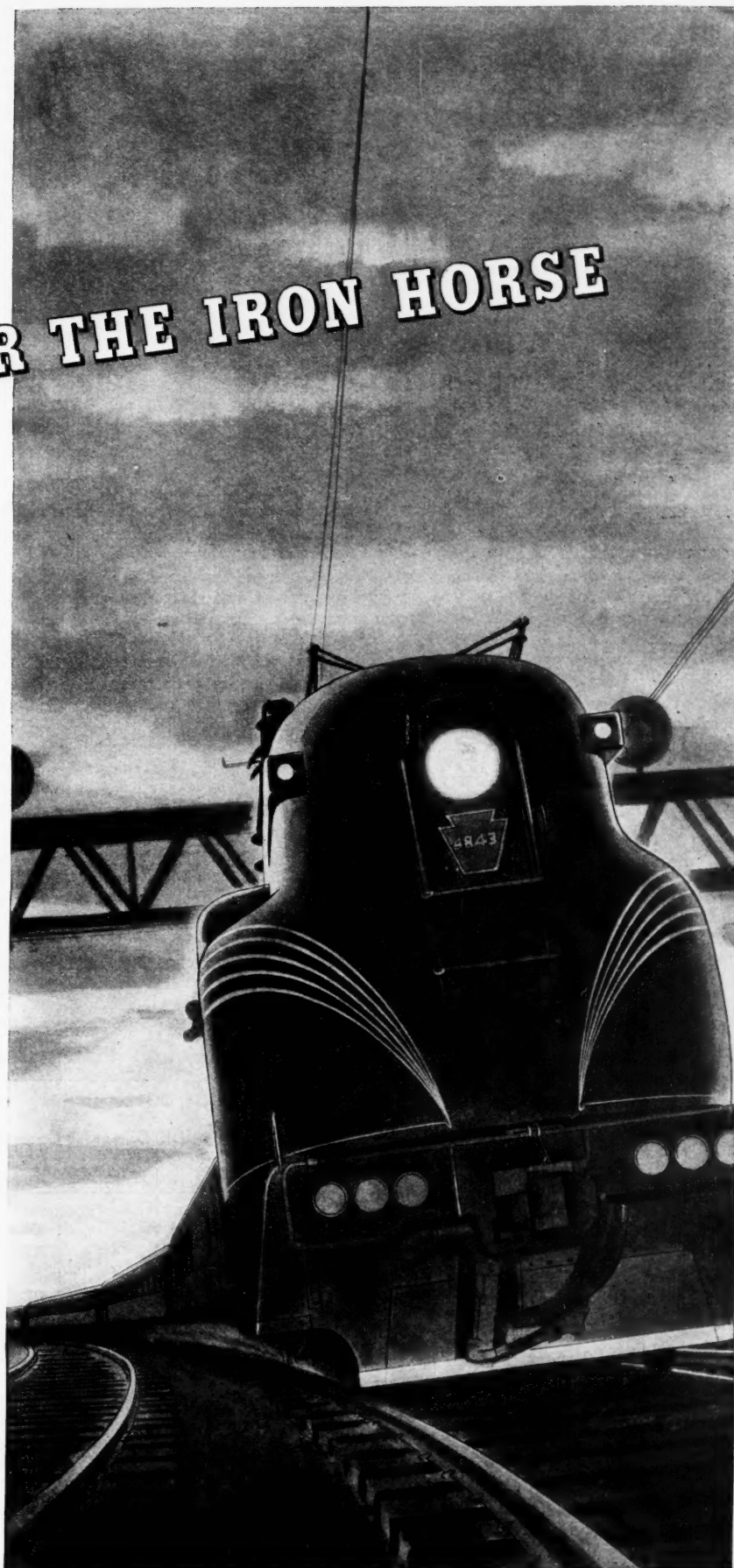
In this advance, Westinghouse has played a major role, consistent with a lifelong tradition of co-operation with the Transportation Industry.

The Westinghouse Electric and Manufacturing Company was reared on that tradition. Its founder invented and brought to brilliant fruition the Westinghouse Air Brake. Its first great achievement was the successful promulgation of the alternating current system... upon which is based the Pennsylvania's system for main line electrification.

To this great project, Westinghouse brought the wealth of a half-century of experience and engineering progress. A conspicuous example of Westinghouse enterprise on every front where electricity is helping to build a new and better economic civilization. Westinghouse Electric & Manufacturing Company, East Pittsburgh, Pennsylvania.



50 YEARS OF  
GROWTH AND ACHIEVEMENT



# TAXES TO STIMULATE PRODUCTION

BY DONALD HORNE

Higher taxes will soon be with us, and the income tax must bear the major burden. Here is a plan to encourage productive enterprise, and thus to produce more taxable income.

WHEN THE tax burden was lighter its nature and distribution were relatively unimportant. In 1910 the internal revenue was but \$3.16 per capita. In 1935 it was \$25.71 per capita, and indications are that in 1937 it will exceed \$40 per capita.

This load will try our strength. It is time to give serious consideration to the technique of federal tax imposition and distribution. The problem is to devise means that will operate most efficiently, cause the least discomfort, and not retard progress and industrial activity which will provide future revenue.

Our present tax system is admitted to be highly unsatisfactory. It was not constructed for the task at hand. If we look back only to 1914 (the first full tax year after the income tax was adopted), we find that the existing federal tax system was

designed for carrying a load less than 1/14 of that which we will have to shoulder in the future.

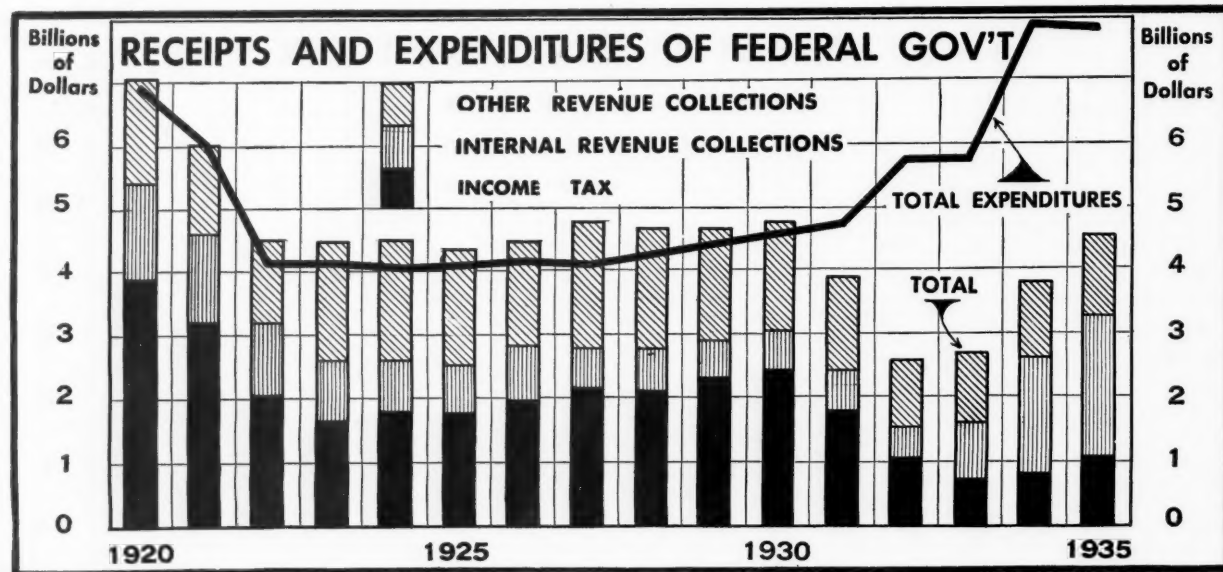
The task of the income tax, of yielding four times its present yield—or about 4 billion dollars—is 56 times that of the first year. Aside from refinements as to administration and astounding increases in rates, it has not been appreciably changed to fit new conditions.

We find ex-treasury experts and other economists and lawyers condemning the present tax system as inadequate, unfair, and overcomplicated. It is the result of evolution, rather than intentional design, and its growth has been influenced more by politics and fiscal necessity than by economic principles. Its main defect is that it does not distribute the tax burden proportionately. If one is already carrying a heavy load, and

finds that he has to add as much again, he is not wise if he just stumbles on with the double load. He rather considers carefully how to distribute and balance the burden so as to bear it to best advantage.

The Government last year received from all sources about 4 billion dollars and spent 8 billion. For several years the annual deficit has been upwards of 3 billions of dollars. The series of deficits began in 1931. The public debt has increased from 16 billion dollars at June 30, 1930, to 30 billion at December 31, 1935.

It is not likely that expenditures will continue at 8 billion dollars annually. But it is equally unlikely that they will be reduced to the pre-depression 4 billion dollars. A conservative estimate, based on the past and on existing conditions, including population growth and enlargement



## REVENUE

Income taxes, represented here in solid black, fluctuate violently during cycles of prosperity and depression. Yet they must be expected to furnish the bulk of new sources of revenue.



of government functions, would be that the budget of the future will require about 6 billion dollars.

This makes no allowance for reduction of the enormous public debt. It is not safe to allow a debt of 30 billion dollars to stand indefinitely. We must prepare for the next emergency, the magnitude of which cannot be foreseen. What would have been the situation today if the debt of 1920, of 25 billion dollars, had not been reduced? The deficits of 1931-36 would have raised it to 46 billion dollars. It is doubtful whether the banking system and the public could have absorbed so vast an amount of Government obligations.

### Seven Billions a Year

To balance the budget of the future and pay something on the public debt, the Government needs from 7 to 8 billion annually. By some it has been estimated as low as 5 billion, on the assumption that expenditures could be reduced to the pre-depression level. This runs counter to human nature, past history, and practical experience. Moreover, it does not allow a sufficient amount for reduction of the public debt.

The largest volume of public receipts ever recorded, in the fiscal year ended June 30, 1920, aggregated \$7,126,502,601. Of this amount, \$5,405,031,575 was internal revenue, and \$1,721,471,026 (including postal receipts) from all other sources. The amount received from other sources varies comparatively little from year to year. Customs duties form a relatively small part, and their trend is downward. Any substantial increase must come from the internal revenue.

Assuming that receipts aggregating 7 billion dollars would be adequate, we must look to the internal revenue for about \$5,400,000,000. In 1934 its yield was \$2,672,239,194. In 1929, a peak year of the post-war period, it was \$3,040,145,733, nearly 2½ billion short of the estimated future annual need.

The enormous yield of \$5,405,031,575 in 1920 is accounted for by high war-time taxes. It was not so difficult for Americans to pay high taxes then, for European money had been flowing into this country, first for arms and ammunition and later for peace-time products. We must remember, also, that the United States had spent 30 billions on its own account in the war, much of which came back in taxes. If, with such sources of national income, and with taxes at the highest conceivable rates, we could raise only 5½ billion dollars, how can we hope to exceed that amount now?

Thus we gain some conception of the task which faces us. It is a prob-

lem for Government officials, but none the less for all citizens. It will involve hardship and sacrifice.

The income tax produced the main part of internal revenue until the last four years, from two to four times the amount of all other taxes combined. Various new excises were imposed, including liquor taxes and luxury taxes, which partially retrieved loss in revenue due to the fall in income-tax receipts. For the year ended June 30, 1934, the income tax yielded only \$817,961,481, as compared with \$2,410,986,978 for 1930. Other internal revenue for 1934 was \$1,822,642,347, as compared with only \$628,308,036 for 1930.

Since the Government will need about 7 billion dollars, and receives from sources other than internal revenue about 1.6 billion dollars (the average of the last 16 years), the internal revenue must be expected to produce about 5.4 billion dollars.

The present excise tax yield of about 1.8 billion dollars cannot be substantially increased. Indeed, sound fiscal policy and popular demand may require the repeal of some objectionable existing excises, as retarding production. It would not be prudent to count on more than 1.5 billion dollars from the excises.

This leaves nearly 4 billion dollars for which we must look to the income tax. This tax, in 1935, on a rising tide of prosperity, produced \$1,099,118,638. When we consider that the yield must be quadrupled, the problem is a poser.

There has been much talk of a general sales or turnover tax, either as supplementary to the income tax or as the primary tax, to which the income tax would be supplementary. Such a proposal would throw the tax burden disproportionately upon the class least able to carry it. This might not constitute an insurmountable obstacle, in the face of unprecedented need for revenue, but it would be improbable as a matter of politics. The class least able to pay has the greater majority of votes.

Another objection to the sales tax is the administrative difficulty that would be encountered not only by Government officials but by business establishments. A third and more serious objection is that whenever there is a buyer's market the seller or producer must absorb the tax—at the very time when he is in financial difficulty due to low prices. The effect would be to curtail production, and that would be undesirable because production is the source of revenue. A fourth objection is that the general sales tax would diminish ability to purchase, with adverse effect on production.

Thus we are turned back to the

## Famous G-Man Corners Dodge Economy

By MELVIN PURVIS,  
Former Ace of Federal Bureau of  
Investigation, U. S. Dept. of Justice



One of the most surprising discoveries I've made is the way my new 1936 Dodge saves money!



It gives me 19 to 20 miles to the gallon of gas consistently in city driving and as high as 22 miles out in the country.



At the same time, this Dodge certainly saves on oil. Excepting for regular changes, I've had to add no oil at all.

# DODGE

NEW LOW FIRST COST

NOW ONLY \$640 and up,  
List Prices at Factory, Detroit

And under the new Official Chrysler Motors Commercial Credit Company 6% Time Payment Plan, Dodge is now so easy to pay for!

**DODGE**  
Division of Chrysler Corporation

income tax, the only levy which does not bear directly on production, and the only one capable of revision so as to encourage productive enterprise.

The solution does not lie in raising income tax rates, although this probably cannot be avoided. These rates, at least on larger incomes, are at present so high that they are practically confiscatory. Probably the rates on smaller incomes will be raised. The proposal is appalling to the average man, seeking to pay his debts, recoup his depression losses, and resume a reasonably comfortable standard of living.

Yet the taxpayer in the lower surtax brackets would not suffer hardship by reason of increased income taxes if he found his income substantially increasing. He would complain still less if he knew that the tax system itself had much to do with the growth of his income. Such a condition is possible if a method can be devised of properly apportioning the tax burden.

### To Encourage Production

The governing principle should be the effect of taxation on production and consumption. Relative ability to pay is a secondary consideration. The wealth of the country consists primarily of land, natural resources, factories, transportation facilities, merchandising establishments, and homes. The Government cannot take wealth of this nature by taxation without supplanting private industry and enterprise. Even if we were ready to adopt a socialistic form of government, and take over the entire system of industry, the Government could not subsist on wealth thus acquired. It must, under any form of organization, look to the *product* of existing wealth, and not to the wealth itself, for running expenses.

Existing wealth has no value, whether publicly or privately owned, except such as it derives from its product. Therefore the Government, in taxation, must content itself with some or all of the product of existing wealth. The greater the volume of production, the more the Government can take for its own operating expense without depleting the capacity of its citizens to live comfortably, continue to produce and consume, and, most important of all, expand the facilities of production and distribution.

Consequently, the principal rule of true proportionality in taxation is that the tax should be confined to the *fruits* of production and not constitute a drain on the *processes* of production.

The second rule is analogous, that

taxation should not unduly affect the capacity of the public to consume the product of any industry.

Taxation necessarily has the effect of reducing the capacity of taxpayers to consume, for it cannot avoid taking some of the fruits of production which would otherwise be used in purchasing. But when a tax prevents a considerable proportion of the people from purchasing a given commodity it defeats its own end, and the general welfare at the same time.

It is good economic policy to encourage the creation of new wants, rather than to discourage them. Production as a whole can be enlarged profitably not only by increase in the volume of present commodities, but by the manufacture and distribution of newly invented devices.

Taxation does not diminish consuming power in the aggregate. The public debt is not owed abroad to any extent, and the proceeds of taxes are paid out in this country.

Production and consumption are interacting, and must progress together. There can, however, be no consumption until there is production, though there can be production without immediate consumption. Production by one person furnishes something of exchangeable value. The capacity of another to consume it is acquired by his producing, in turn, something of exchangeable value.

Thus the processes of production finance consumption, and are of first importance. Since taxation does not reduce public purchasing power, it does not disturb the equilibrium which must exist between production and consumption.

Hence the greatest need, from the standpoint of taxation, is rapid and extensive enlargement of production. Taxation should bear lightly, or not at all, on the instrumentalities of production.

Reduction of income tax rates is at the moment impossible. Reduction should follow rather than precede increase in volume of production. The necessity for the present high rates is due to the insufficiency of production. There must be a *quid pro quo* for any tax reduction.

Expansion of production requires risk of capital. At present the risk is high. Before profits can be realized part of the additional wealth created by new or increased production must filter into the hand of consumers, who will probably not spend freely until they have to some extent recouped losses.

The only solution is that investment must be made anyway, probably in larger amounts than necessary in normal times; and the investor must reconcile himself to wait longer than usual for profits.

This prospect of a waiting period is the main deterrent. It requires more payroll and maintenance capital, and so diminishes the prospective yield.

The income tax can be revised in such a way as to lighten this risk. By applying a lower rate of taxation to income invested during the tax year in productive enterprise, the income tax can render relatively unprofitable the withholding of money from such investment.

### By Allowing a Credit

An individual with a taxable income of \$100,000 is subject to a tax of \$34,000. The last \$10,000 is taxed at 59 per cent, including normal tax and surtax. If the Government were to allow a credit against taxable income of half of any amount invested during the year in productive enterprise, this taxpayer, by so investing the last \$10,000 of his income, could reduce his tax by 59 per cent of \$5,000, or \$2,950. The amount which he would risk by the investment would be \$10,000 less \$2,950, or \$7,050, although the amount of the investment would be \$10,000.

If the investment showed a profit of 5 per cent on the \$10,000, the yield on the \$7,050 actually risked would be slightly over 7 per cent. The additional yield would go far to compensate for the anticipated long waiting period before profits accrue.

The \$10,000 invested would be paid out for raw materials, new capital goods, maintenance, and wages—continuously creating taxable income in other taxpayers. The profits to the investor—assuming a 5 per cent return on the \$10,000 and a constant surtax income of \$100,000 a year—would result in additional income of \$500 a year. The tax on this additional income would in ten years reimburse the Government for the sacrifice of revenue which had induced the investor to make the investment.

The question suggests itself, what is productive enterprise? What is the distinguishing characteristic of the investment on which the proposed credit should be based? It is perhaps impossible to state a definition which will cover all cases. The primary characteristic is the production of new wealth.

We can say definitely that the purchase and employment of capital goods should qualify. Plant and equipment transform raw material, or partially manufactured material, into partially or completely finished commodities. Investment in payroll for services in operating capital goods is in the same category. The same principle applies to investments in mining or other development of natural resources, and in agriculture.



Building construction is another line as to the productive character of which there can be no doubt. Since production would be useless without adequate and efficient distribution, we must add to the list transportation and merchandising business.

The investment must actually be used in productive enterprise, however. Hence the purchase of outstanding corporate issues would not qualify. This money would reimburse a previous investor, but would not finance or aid the enterprise.

Loans, by way of bond issues or otherwise, would not be investments of the type for which income credits should be granted, for the lender takes no risk in the enterprise but merely in the security on which the loan is made. The borrower, however, may be entitled to the credit if he uses the money in productive enterprise. Banking and insurance businesses probably would not qualify.

It is enough at this time to suggest the principle, leaving details to be worked out by legislative draftsman-ship or administrative discretion.

### Applied to Corporations

On the basis of present tax rates, if the above proposal were to be adopted, corporations would be at a disadvantage because their income tax rate is lower and therefore their tax reduction on income reinvested in production would be lower. Thus, while an individual with an income of \$100,000 would save \$2,950 in tax on an investment of \$10,000, a corporation would save only \$1,500.

In order to remedy this discrimination, corporations and individuals should be taxed at the same rates. Here again corporations would be at a disadvantage, because of generally larger incomes, since they would be taxed at higher rates than now. This could be equalized by allowing them to deduct all dividends distributed and a reasonable addition to surplus, and then by taxing individuals on all dividends received.

Under such a rule a corporation could exempt itself of all income taxation. This would be in order, however, since corporations are ordinarily instrumentalities of production. The real proprietors, who receive the fruits of the enterprise, are the stockholders.

The capital-gain-and-loss provisions might well be eliminated. Capital gains are generally reinvested, and in such case the credit for reinvestment in productive enterprise would be a generous substitute for the lower rate on capital gains.

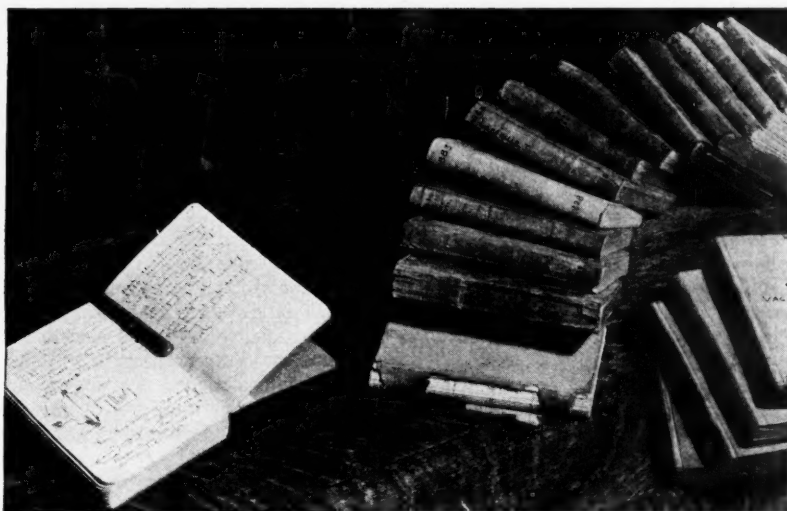
As the volume of production grows, and with it the revenue, income tax rates could be decreased.

With each such decrease the stimulus to investment in production would be decreased, for at lower rates the tax saving due to investment in production would be lower.

This in itself would probably be a sufficient safeguard against this tax policy causing overproduction. But overproduction in general is something we do not have to fear. Maladjustment has been found in the distribution of income and consequent lagging of consumptive demand, but great forces are at work on this problem. There is no lack of need for the commodities of production, and a proper distribution of the fruits

of production will furnish the financial capacity to consume.

Logic and practical experience both indicate that the price which must be paid for the ability to consume comes to the consumer from production. It follows that consumers can be aided in no other way than by the expansion of production. Unemployment, complete or partial, is the principal cause of consumer's lack of funds, and this can be remedied only by increasing volume of production, for employment means partaking in the process of production. Undoubtedly, our problem is one of under-production.



## THRILLERS

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These records of scientific adventure are also guidebooks to the creation of wealth, the founding of new industries, the employment of new thousands of people—the results of G-E research that has saved the public from ten to a hundred dollars for every dollar it has earned for General Electric.

96-198D1

**GENERAL  ELECTRIC**



# THE PULSE OF BUSINESS

Is inflation here, or on its way? We examine the various barometers, to find statistical proof of a steady trend in that direction. Unemployment continues high. Our motor truck makers are busy.

INFLATION rides again. Three months hence some two and a half billion dollars in bright new baby bonds will be handed to veterans, redeemable in cash on demand. This in addition to the four billions currently being distributed by the same Uncle Sam to relief workers. And knocking on the doors of Congress are the advocates of a twenty-four billion dollar annual pension bill for the aged.

Taking care of the veterans, the farmers, the unemployed, and the aged, leaves very few other classes on the waiting list.

In May of 1935 this magazine printed an article by Denber Simkins which aroused attention then and is worth re-reading now. Simkins saw inflation approaching, and warned that "by 1936 the mania should be in full swing." At about that same time Kiplinger's famous pamphlet, "Inflation Ahead!" was in wide demand.

Kiplinger noted in a postscript ten indicators to watch. We print these, or their counterpart, in a table on page 72, and invite the reader's attention to the details as well as to the final result. Nine of the ten indicators register "up". The tenth has been neutralized.

It is plain, however, that most of the ten signs are those of recovery first and of inflation only if the pendulum swings too fast or too far. Surely there is no fear inspired by a rise in industrial production, or farm income, toward normalcy.

But when such improvement is accompanied by a rise in the Government debt, and when an increase in bank deposits is clearly due to that same spending orgy, then the analyst must attribute to unhealthy causes some measure of the gains recorded all along the line.

When Congress is in session the fear of inflation grows. Administration experiments with gold and silver having failed, why not experiment with our paper money? Fortunately the inflation bloc is helpless at this session, since there is no "must" or

other important legislation for which to swap votes or to which to attach riders. But the bonus payment, already authorized, is sufficient inflationary achievement for one session.

Our own index of production, on this page, registered 90 per cent of normal in mid-February, compared with 69 per cent a year earlier. Some of this gain resulted from an adjustment in our method of computing normal for electric power production. Some of it resulted from a shift—by the industry itself—in the season for buying new automobiles. But it is plain from the record that every one of the nine items included in our index of production stands higher than

a year ago, with the single exception of steel. That loss was not serious, and was believed to be temporary.

Denber Simkins a year ago not only warned of the approach of inflation; he laid down several methods for an individual to hedge against its evil effects. One method, in theory, is to buy gold; but you can't do that. Another is to buy foreign currencies; but you would have to be an expert to match the international bankers. A third is to buy real estate; but taxes are high and rents are low. A fourth is to buy commodities; but they yield no income, may deteriorate, and eat up your capital in storage charges and insurance.

## GENERAL BUSINESS INDICES

	Weight Factor	Jan. 18	Jan. 25	Feb. 1	Feb. 8	Feb. 9 1935
Stock Sales, N. Y. Stock Exchange.....	2	54	56	65	67	15
Bond Sales, N. Y. Stock Exchange.....	1	102	121	139	145	82
Money Rates.....	4	15	15	15	15	20
New Financing.....	2	39	56	66	59	13
Bank Debits, N. Y. City.....	4	52	55	55	54	46
Deposit Circulation, N. Y. City.....	4	48	51	51	51	42
Index of FINANCIAL ACTIVITY.....	17	44	49	52	52	34
<b>DISTRIBUTION</b>						
Bank Debits, outside N. Y. City.....	10	75	80	80	80	71
Deposit Circulation, outside N. Y. City...	10	75	85	88	84	85
Merchandise Carloadings.....	11	67	73	74	74	72
Index of DISTRIBUTION.....	31	72	79	80	79	72
<b>PRODUCTION</b>						
Bituminous Coal.....	3	69	70	76	79	75
Crude Oil.....	3	115	115	118	116	105
Commodity Carloadings.....	8	61	63	67	71	65
Electric Power.....	7	112	113	113	113	73
Steel Production.....	9	63	62	61	60	63
Automobile Production.....	6	148	154	159	144	116
Construction Contracts.....	11	110	110	88	77	39
Cotton Consumption.....	5	102	111	99	96	71
Index of PRODUCTION.....	52	96	98	94	90	69
<b>INDEX OF GENERAL BUSINESS</b>						
	100	79.8	83.8	82.5	80.1	64.0

A COMPARATIVE record, for weeks ending with Saturday. The figures represent percentage of normal. The "distribution" items are all based upon an average for the years 1926-31; new financing, automobile production, and cotton consumption, upon 1927-31; and construction contracts upon 1928-32. All others use 1919-1931 as normal or 100.

Carloadings and coal data are always of the previous week. Electric power is adjusted for population growth, construction contracts for changing price level.

# HIGHWAYS and BUYWAYS

THE advertising pages of this magazine are the highways of commerce. There you will find the products and services of firms who are glad to place their goods on display where the greatest number of people can find out in the shortest possible time whether those goods are worthy or not.

True, sometimes you can find good values off the highway—among the “unknowns” and the “just-as-goods.” But why take the risk—when you can use the advertisements as a dependable guide to value, and save a lot of time in the bargain?

When a manufacturer places himself on record in the printed page, he is forced to guarantee you consistent quality and service—or the disapproval of millions quickly forces him out of the market. That’s why you have such a friendly feeling for old and well-known advertised names—you know you can depend upon them.

Read the advertisements regularly and know what you want before you start out to shop. It pays to make the advertising highways your buyways.

# TEN INDICATORS OF INFLATION AND RECOVERY

INDICATOR	SOURCE	NORMAL	JANUARY				LATEST DATA	1935 TREND
			1933	1934	1935	1936		
Bank Deposits (net demand)	Federal Reserve Board		\$11.2 billion	\$11.4 billion	\$14.2 billion	\$13.9 billion	February 8 \$14.0 billion	See Note
Bank Debits	Federal Reserve Board	1926 a.p.m. \$50.6 billion	\$94.5 billion	\$97.2 billion	\$30.1 billion	\$35.4 billion	January \$35.4 billion	Up
Stock Prices	Standard Statistics 421 Stocks	1926=100	49.3	70.8	71.0	97.1	February 11 107.6	Up
Commodity Prices	Labor Department	1926=100	61.0	71.0	77.9	80.9	February 1 80.5	Up
Industrial Production	Rev. of Rev. Weekly Index	1919-31=100	63	64	71	107	February 8 90	Up
Government Debt	Treasury Department		\$20.9 billion	\$26.0 billion	\$28.5 billion	\$30.6 billion	February 11 \$30.5 billion	Up
New Capital Issues	Financial Chronicle	1926 a.p.m. \$433 million	\$64.5 million	\$47.8 million	\$92.1 million	\$411 million	January \$411 million	Up
Steel Ingot Production	Iron Age % of Capacity	1926 a.p.m. 94%	18%	33%	48%	51%	February 5 53%	Up
Building Contracts Awarded	F. W. Dodge Corp.	1926 a.p.m. \$532 million	\$83.4 million	\$187.5 million	\$99.7 million	\$204.8 million	January \$204.8 million	Up
Farmers' Income	Dept. of Agriculture	1926 a.p.m. \$833 million	\$344 million	\$485 million	\$498 million	\$598★ million	December \$598 million	Up

a.p.m.—Average Per Month.

★This figure for December, 1935.

NOTE: Bank deposit figures of the Federal Reserve Board since August, 1935, are not comparable with earlier data, because basis was changed by the Banking Act of 1935

A fifth method of hedging against inflation is to buy common stocks. This is the average man's happy hunting ground, and it was the particular recommendation of Denber Simkins a year ago. The record shows that 421 common stocks were selling at 64 per cent of 1926 normal on March 1, 1935 (Standard Statistics data), and had advanced to 108 per cent in mid-February, 1936.

This was an advance of 69 per cent. That is to say, \$1.00 invested in the stock market a year ago probably would have returned \$1.69 if the investment had been closed out last month.

Is this inflation? Herbert Hoover believes that it is, in his Lincoln Day speech in Oregon. It could also be a sign of returning confidence inspired by larger industrial earnings.

Westinghouse earnings, for example, were less than zero in 1934 and probably as much as \$4.50 per share in 1935. Why shouldn't its stock advance from a market value of \$33 last March to \$120 now?

Chrysler Corporation earned \$8.07 per share in 1935, up from nothing in 1932 and \$2.31 in 1934. As a result its shares sell at \$97 as we write, compared with a last year's low of 31.

Holland Furnace Company, makers of an air-conditioner and heating unit, are reported to have earned \$2.10 per share in 1935, compared with nothing in 1932 and 85 cents in 1934. Here we find that a low market value of \$5.75 per share last year had increased to \$41 in mid-February 1936.

Inflation influences would be more easy to discover in the market action of common shares of which Baltimore & Ohio is typical. Here net income has not increased appreciably (23.7 million dollars in 1934 and 24.3 million in 1935), yet the market value of a share of its common stock increased threefold in eleven months.

At any rate, the record justifies a pat on the back to the investment adviser who a year ago urged the purchase of common stocks. How long will the rise last? It already assumes record proportions for duration and percentage of gain.

## Unemployment

FOR ELEVEN million unemployed persons the attempt to say whether the country is enjoying recovery or suffering from incipient inflation is purely academic. They had no jobs in 1933 and have none now. Three and three-quarter millions of them are working for WPA, and other millions are on relief rolls. But the majority of our idle workers are evidently still on their own.

One estimate of the number of unemployed, widely accepted, is that of the American Federation of Labor. According to the Federation's revised data, the peak of unemployment was reached in March, 1933, at 15,650,000. There were 50,500,000 gainful workers, but only 34,850,000 of them had jobs.

Three years later we find 11,670,000 workers still unemployed. One out of every four of the idle ones had found a job. Unemployment in the peak year 1929 averaged close to 2 million, so that 9½ million more must be reclaimed to private employment. Since 1 million found jobs in 1935, the rate of business improvement chronicled in preceding paragraphs would bring 1929 conditions back—so far as employment is concerned—by the end of 1945.

Perhaps the technocrats were right, and full industrial recovery will be achieved with five or six million workers remaining out of work.

• • A READER suggests that the REVIEW undertake to record the ups and downs in the number of unemployed

and of those receiving relief. That indeed would be a superhuman task. It was announced last month that 3,726,000 had been given work under the new agency called Works Progress Administration, or WPA.

The record discloses that the older PWA, or Public Works Administration, gave work to a peak of 645,000 in July 1935 (down now to perhaps 250,000), and that FERA, or Federal Emergency Relief Administration, gave employment to a peak of 2,472,000 in January, 1935 (down now to perhaps 300,000). Other hundreds of thousands are under the wing of the Civilian Conservation Corps.

Thus, apparently, 2,172,000 were dropped from FERA and 395,000 from PWA, a total of 2,567,000. Meanwhile 3,726,000 were hired by, or transferred to, the newer WPA.

Industry has not been as successful, in putting men back to work, as have the Government bureaus that center at Washington. Executive employees of the United States Government numbered 608,000 in January, 1934 and 800,000 in November, 1935.

## Cost of Living

ONE INDICATOR of inflation is the rising cost of living, reflected in the commodity-price rise in our table above. This is where the average man—and particularly the average woman, who has to make both ends meet in the home—first discovers the inflation specter.

A good index of the cost of living is maintained by the National Industrial Conference Board. From December, 1935, the living cost rose from an index figure of 80.8 to 84.8—a gain of 5 per cent in one year. Clothing went down, and so did fuel and light. But food that cost 78 cents a year ago had gone up to 87 cents. Housing costs (rentals) had gone up from \$66 to \$73, roughly speaking.



# ★ Investment COUNSEL

**DON'T ACCEPT** hearsay and rumor as your investment guides. Investigate before you invest! Have you the facts, figures, knowledge of conditions, acquaintance with corporation officials, in short, the necessary information to safeguard your judgment? A few men have made a profession of gathering such knowledge. To such a man, an investment counsellor of unimpeachable integrity, the REVIEW OF REVIEWS turned when besieged with investment inquiries. For many years this publication has rendered what it felt was a genuine public service by calling attention in these columns to this source of unbiased advice.

## Investigate Before Buying!

If you are worried over your holdings; if you are considering a switch to stocks with more hopeful prospects of recovery; if you contemplate new purchases; by all means take advantage of this service. It is not free, but the fee is nominal.

"What justifies the recent rise in Colorado Fuel? Six years ago I bought 50 sh. at 22. I understand the company faces a reorganization. Would you advise a switch to Packard Motors?"

"What is financial state of Atlas Plywood? Are immediate prospects bright for the common stock? Do you consider Electric Bond & Share highly speculative and are its earnings showing a down trend? Would you advise holding New York Central stock averaged at 46? Is Fisk Rubber com. a good speculation at present prices?"

"I am holding 300 sh. Radio, 50 sh. Texas, 50 sh. Amer. Crystal Sugar, 1000 sh. Socony-Vacuum, 50 sh. N. Y. Central, for speculation. Do you advise holding any for permanent investment; or selling at present market prices?"

"Let me have your analysis of National Power & Light, Holly Sugar Corp., Golden Cycle Corp., and Continental Oil Co., of Del., all common stocks."

"Please analyze Advance-Rumely now selling for \$4 but which sold up to \$20 in 1935. I understand this company is being reorganized, or taken over by Allis Chalmers."

★ Please remember that this magazine is not in the business of selling investment information, but is sincerely interested in serving its readers in the fullest measure.

**INVESTMENT SERVICE** RR 3-36  
**REVIEW OF REVIEWS**  
233 Fourth Ave., New York, N. Y.

Enclosed find \$..... (\$2 for the first security, \$1 for each thereafter) to cover investment analyses on securities which I am listing on separate sheet, together with questions which I wish specifically answered.

Name.....

Address.....

Looking backward over three years, to depression depths, we note that the item of housing in the N.I.C.B. index reached its low point in the summer of 1933, at 63.2 per cent of normal. The rise had carried it to 73.4 per cent at the beginning of 1936.

## Trucks in Demand

WHILE AUTOMOBILE makers were turning out 3 cars in 1935 for every 1 in 1932 there was worry in some quarters. Was the temptation to sport a new car for the family outrunning real business recovery?

One answer is found if we examine the record of commercial-car production. We state the figures first:

	Passenger	Commercial	Total
1932	1,135,491	235,197	1,370,678
1933	1,573,512	346,545	1,920,057
1934	2,177,919	575,192	2,753,111
1935	3,285,836	723,660	4,009,496

Passenger cars include taxicabs; commercial cars include buses, tractors, ambulances, fire apparatus, etc. The figures are factory sales, compiled by the Census Bureau.

Our craving for percentage comparisons leads us to discover that the gain in passenger-car production in three recovery years was 189 per cent. In truck production the gain was 208 per cent.

Evidently the business man, including the tractor-buying farmer, has been more daring than the user of passenger cars.

One out of every five trucks last year went to foreign markets, against one out of sixteen passenger cars.

• • FINAL production data for 1935 (Cram's Reports) show that the Big Three increased their dominance in the motor industry. They produced 87 out of every 100 cars, compared with 84 in 1934.

The Chrysler group maintained its position, accounting for 20 per cent of total passenger and truck production as in 1934. The General Motors group lost ground relatively, with 37 per cent instead of 39. Ford-Lincoln increased its share, from 25 per cent in 1934 to 30 per cent in 1935.

There are 29 manufacturers making passenger cars in the United States and 93 who make trucks (including 10 who make both). Evidence is increasing that Ford and others of the Big Three are going out for this truck business. The Ford V-8 is well adapted to heavier duty than was the old engine. General Motors has several entries in the commercial field, including Chevrolet, and Chrysler centers its bid upon the Dodge line. In the field of heavy-duty trucks the International, made by the International Harvester Company, wins first honors with 54,000 cars in 1935 against 33,000 in 1934.

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## What Does Mussolini Want?

(Continued from page 58)

well, tariffs will be abolished between members of the federation, and south-eastern Europe will become, for all practical purposes, a new nation. Italian capital—no matter whether Italy's own or borrowed in the international market—will penetrate the rich valleys now cultivated with wooden plows, and will resuscitate a region still numb from the dead hand of the Turk. The whole evolution will be gradual, mostly invisible. It will take ten years to consolidate the process, fifty to complete it.

Early in the story Mussolini will take his place in the federal organization with some such innocent title as Honorary President of the Council. But with the first serious split in policy, he will throw his sword on the table (probably literally) and declare himself something equivalent to executive director. And presently he will hear a unanimous demand that he become emperor—he as Mussolini, not as representative of the king of

Italy. Emperor—no less. He loves titles, but as a practical politician he knows that the common people love titles even more than he.

And his successors? There is his son-in-law, young Count Ciano, who married his daughter Edda. You have recently heard more of young Ciano, and seen his picture oftener, than of the king of Italy. That is no accident. Ciano is being groomed. There are the sons, Vittorio and Bruno, unknown quantities as yet, since both are under twenty. All three of them are in the Ethiopian war, working for citations. You may be sure they will fit somewhere into the parvenu-imperial picture.

But when will the time for all this come? Mussolini, who in reality is so candid that his enemies think he is bluffing, specified in a speech delivered before the Italian Chamber of Deputies, May 26, 1927:

"Italy's fundamental task is to bring to fighting strength all her armed forces, on land, on the sea, and in the

air. She must be able, at a given moment, to mobilize 5 million men fully armed. She must strengthen her navy. And her airplanes must be so many and so powerful that the whirl of their motors will drown out every sound on our peninsula and their wings will blot out the sun from our land. We shall then be able, when some time between 1935 and 1940 we shall have arrived at a point which I should call crucial in the history of Europe, to make our voice heard and our rights recognized."

The year 1935 arrived, and Italian armies, warships, and airplanes began to take their place as front-page news. Promptly on schedule, Mussolini launched his challenge "to make Italy's voice heard" and "to see Italy's rights at last recognized". For the triple purpose of nullifying British naval supremacy in the Mediterranean, detaching France from England, and demolishing the prestige of the League of Nations, he launched his sinister Ethiopian war.

## Did Townsend Win in Michigan?

(Continued from page 45)

Bandwagon. Predicts Control of Government from President on Down".

December 16, *Enquirer-News*: "Main Endorsed by Vandenberg. Senator, However, Expresses His Opposition to Townsend Plan"; and the 17th, "Governor Again Talks for Main, Declares Townsend Plan Not Paramount Issue".

December 17, election result: Cavanagh, Democrat, 11,341. Main, Townsend-Republican, 24,686. Kiefer, Farmer-Labor, 367. Total, 36,394.

Votes against Main in the primary numbered 11,864; in the election, 11,708.

The vote was only 37 per cent of

that of the 1932 Congressional election, which was Hooper, Republican, 49,383; Gaus, Democrat, 46,093; other vote, 2882; total 98,358.

Congressman Hoffman, of the Fourth Michigan District, termed Main's vote "boarding-house hash". But the *Detroit Free Press* declared it a Republican victory over the New Deal. The Townsend organization claimed the election as its first victory east of the Mississippi.

The Townsend Plan, providing for one-twelfth the population, did not satisfy everyone. On December 8 the *Enquirer-News* published a suggestion from three Battle Creek men, of the Retire-At-Birth Plan, whereby

in twenty years everyone would be supported by the government; no one would have to work. This bit of satire attracted comment in metropolitan papers. It may or may not have been apt.

The young people were noticeably absent from the polls. They should beware. People past 60 years of age have time to attend meetings and work in precincts and have lived long enough to be quite practical about their politics. They constitute an efficient political machine. The youth of the nation is not interested in politics and has not learned the necessity of group action. The old folks will be hard to beat in 1936.

## Pacific Coast Politics

(Continued from page 44)

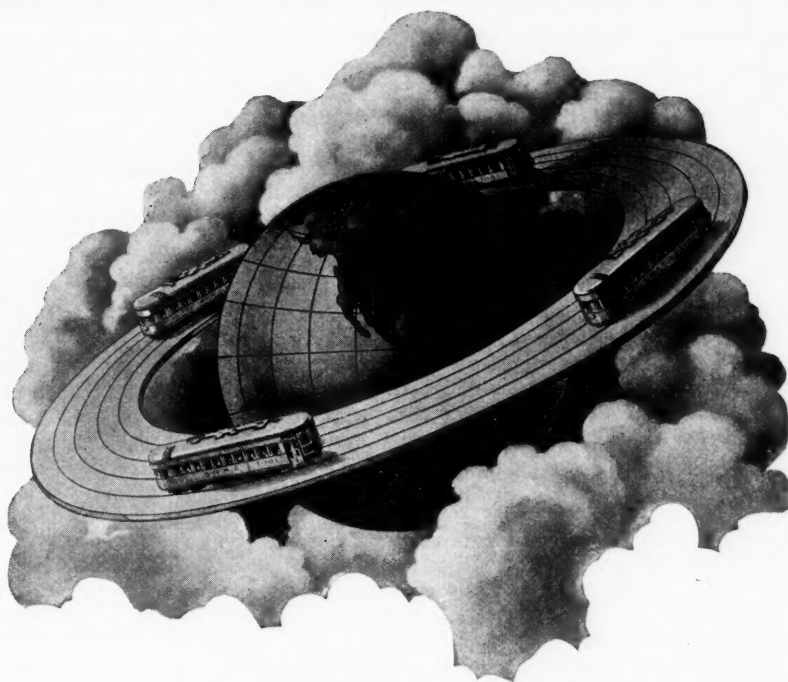
the main the money has gone and is going to direct relief and to work of little or no enduring benefit, with a considerable take-out in compensation for the army of federal agents and employees.

But even among promoters of this spending; among state, county and city governments, the chambers of commerce and other civic organization, which have been asking and getting money for this, that, and

something else, there is growing appreciation of the fact that this way of doing things cannot go on; that whatever the emergency may have been, the means of meeting it in this fashion are headed for the point of exhaustion. With this comes a strengthening conviction that the Administration has been generally if not wholly wrong in the remedies it has devised and applied.

Washington's state of mind is in curious flux of greed, confusion, and

determination. Demand for federal aid, slightly abated, still runs on; but most of the people for whose ostensible benefit aid has been asked and given now are murmuring in doubt and dissent; some of them, to be sure, because not given as much as they want. Others, by no means all of them Republicans, have their minds made up for change—to oust the New Deal, its progenitors, patrons, and payrolls. The number of those so determined is increasing day by day.



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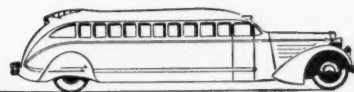
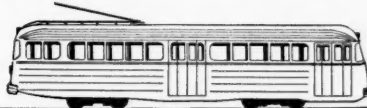
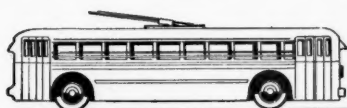
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# They Manage Our Money

(Continued from page 38)

year and is now chairman of the Board of Governors of the Federal Reserve system, to use the new official title.

When Eccles was first named to the old Federal Reserve Board, Senator Carter Glass, principal author of the original Reserve Act, was bitterly antagonistic. He was even more bitter about the new Banking Act, which was drafted under the direction of Eccles and shot up to Congress late one afternoon not long after Senator Glass had been given to understand by the Administration that no new banking legislation would be asked. It is not difficult to appreciate the emotions of Senator Glass over the treatment he had received and over the spectacle of his brain-child being placed in the custody of a young man with strange ideas.

But mutual friends, seeing how foolish such a feud was, and what injury it might work, brought about a more friendly understanding. This has warmed into cordiality and resulted in the unanimous confirmation of the new Eccles Board of Governors with the certificate of approval from Senator Glass, who said it was a "pretty good board". He had been consulted this time before the names were sent to the Senate for confirmation.

## Broderick of New York

The new act calls for a board of seven governors, holding office for fourteen years and ineligible for reappointment. To get the expiring terms on a staggered schedule, the present incumbents were appointed for varying terms. Eccles was reappointed for four years.

The longest term went to Joseph A. Broderick of New York, the full fourteen-year period. Fifty-four years old, he has spent his whole life in banking. Graduating from the New York University School of Commerce, Mr. Broderick became a junior clerk in the old State Trust Company. In 1910 he became a state banking examiner in New York and organized its credit bureau, examined American branches of European banks, and assisted the District Attorney in banking investigations. In 1914, when the Federal Reserve system was being set up, Mr. Broderick helped work out the technical organization of the reserve banks and was made chief examiner of the board. Later he became its secretary, resigning in 1919 to become a vice-president of the National Bank of Commerce in New York. In 1929, Mr. Roosevelt, then Governor of New York, appointed

him State Superintendent of Banks, and he was immediately thrown into the maelstrom created by the failure of the Bank of United States. In the heat of indignation after that collapse, Mr. Broderick was charged with neglect of duty and conspiracy, but he was cleared with a certificate of integrity and character by the prosecution. Tempers had cooled in the interim.

Thus Mr. Broderick brings to the new board three essentials: experience in private banking, public administration of banking laws, and intimate experience with the Federal Reserve system.

## Men of Experience

M. S. Szymczak, of Chicago, was named for twelve years. With Eccles he is the only member of the old board to be reappointed. Forty-one years old, he has been on the board nearly three years. Previously he had been Controller of the City of Chicago; prior to that a professor of economics, and later in the real estate mortgage business. Although his practical experience has not been extensive, he is regarded as a man of exceptional ability.

John K. McKee of Ohio was given a ten-year appointment. Forty-three years old, he spent most of his life in banking in Pittsburgh. When Eugene Meyer was placed at the head of the R.F.C., in the Hoover administration, he made McKee his chief examiner, a key position requiring the greatest skill and judgment. His success is recorded in the soundness of RFC loans.

Another practical banker, Ronald Ransom of Georgia, was appointed for six years. Fifty-four years old, he is a former president of the Georgia Bankers Association and the Atlanta Clearing House Association, and also former chairman of the banking management committee of the American Bankers Association. Under NRA he was chairman of the banking code committee. He was the trust officer of the Fulton National Bank at Atlanta for nearly fifteen years.

A two-year appointment was given to Ralph W. Morrison of Texas, a fifty-three-year-old business man with no particular banking experience. He was a member of the American delegation to the London Economic Conference, did a world-wide business in railroad equipment, headed a utility company but sold out to Insull interests before the peak, and gets on the board largely because Vice-President Garner wanted him on.

The board must represent not only

banking, but business and agriculture, so that for the next two years Morrison probably will be as useful as anyone else would have been.

The agricultural member will be selected later.

## Difficult Job Ahead

Thus three governors of the new board have direct Federal Reserve experience, four have had private banking experience, and all except one have dealt with the central problem of credit from varying angles. As a group the composite experience seems to be adequate, and the reaction of the banking world has been favorable. It is true that there are no great figures in the group, no men of exceptional eminence in the financial world. But it must also be remembered that it is a practical group, with no monetary cranks. In view of the history of this Administration, and its experimenting with trick theorists like Professor Warren, this ought to help restore the confidence of bankers who have been apprehensive over the Administration's monetary vagaries.

This group takes over its new management responsibility at a difficult time. During the last two years of recovery, tinder has been laid—largely through the abnormal growth of excess reserves, or excess credit—for a dangerous credit inflation, with all of the potentialities of the great explosion in 1929.

Principally because of the steady inflow of gold from Europe, our banking system has accumulated excess reserves of more than \$3,000,000,000. That means that the banks could lend some \$30,000,000,000 without ever having to go to the Federal Reserve storehouse for money! Both inside and outside the Federal Reserve system there is anxiety lest this vast credit reservoir be raided for purposes of stock-market and other speculation. It is a wide-open gold mine waiting for another epidemic of Wall Street fever.

That is the problem of the moment, and the very one for which the new powers of the Federal Reserve system were intended.

Three principal weapons are handed to the new board of governors. One is the power to increase margin requirements which brokers and banks must maintain when they lend money on securities. The second weapon is the Open Market Committee. And the third is the power to double the reserve requirements of federal reserve banks.

In general, the Administration is

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committed to low interest rates and easy money. This is especially desirable for the immediate future, from the Government's point of view, because between now and June 30 the Treasury must finance \$4,500,000,000 in Government obligations, about one-third of which is refinancing. This is part of the \$11,536,000,000 which Secretary Morgenthau estimates the Treasury must raise in refunding and new issues in the next year and a half. Low interest rates and easy money therefore are highly desirable while these gigantic operations are going on.

That situation makes the task of the Reserve system more difficult because steps which it might otherwise take to ward off dangerous speculation growing out of surplus credit might seriously hamper the Government's financing operations.

### Bonus Financing

Another complicating factor is the payment of the veterans' bonus. If this were paid by the issuance of \$2,500,000,000 in currency, the effect would add to the burden of excess reserves. When the veteran had spent his money it would go into the banks as deposits, and increase the reserves by that amount. As each dollar of excess reserve is the basis of some ten dollars of credit, you would be adding a potential \$25,000,000,000 to the amount banks could lend in a credit inflation boom without having to go to the Federal Reserve system for help.

But the payment of the bonus in bonds, while no different in its economic effect in some ways, would be less inflationary than the issuance of currency in that it would not add to excess reserves, as currency payments would. The Treasury would be compelled to find money for cashing the bonus bonds. That could be done only by new taxes or by selling securities to banks and investors. Either way the Treasury would thus withdraw from the market a sum of money equal to the amount which the veterans would receive and spend. This method would cost more, for the bonds would require payment of interest. But Government experts feel that the extra cost would be justified as insurance against the greater inflationary effect of direct cash payments.

This, roughly, is the situation which the new Reserve Board faces as it settles down to consider what, if anything, it should do.

It has slightly raised margin requirements for stock brokers, preparatory to similar action with regard to banks. The real question is, should these margin requirements be pushed even higher? In Wall Street it is said that so large a proportion of cash is

now used in market trading that an increase in margin has only a minor effect in curbing speculation. However, the higher the margin requirement is, the more it restrains the general public, the lambs, from rushing in to make a runaway market such as we saw in 1929. Thus far the board's action has been mild, serving more as a warning than as a brake to speculation.

More important are the open-market operations. Chairman Eccles regards them as the most effective single instrument in controlling the volume of money and credit.

When the twelve Federal Reserve Banks, operating as a unit as they must under the new law, go into the open market and buy government securities, the effect is to increase the reserves of the member banks as a whole, and hence to make available a reservoir of credit upon which an expansion of loans can be based.

Conversely, when the twelve Reserve Banks sell securities the effect is the opposite—that is, restrictive. The new open market set-up consists of the new board of seven members and five representatives of the twelve Federal Reserve Banks, the five representatives to be chosen regionally.

Formerly the board had only partial control over these all-important operations, because they were in the hands of a committee dominated by representatives of the Federal Reserve Banks scattered about the country. Often those representatives were under the influence of local conditions in their respective territories, thus making firm and prompt action difficult when needed most. In the new Banking Act, control of open-market operations is lodged firmly in a committee on which the board itself holds a majority vote.

### Relationship to Banks

The third major weapon of the board is its power to raise the ante which it requires its hundreds of member banks to maintain against deposits. It has authority to double the reserve requirements of banks which were in effect when the new act was passed on August 23, 1935. This is a drastic weapon, intended only as a method secondary to the open-market operations. At a time when the twelve Reserve Banks, by selling securities in the open market, appear unable to absorb enough surplus money to meet the situation—that is, to tighten sufficiently the volume of credit—then reserve requirements would be increased. This would reduce the amount of footloose money and credit in the hundreds of banks which are members of the system.

Similar power was granted to the

board, in emergency legislation, soon after the Roosevelt Administration took office. But that law provided for change in reserve requirements only when the Reserve Board declared that an emergency existed. The very declaration of an emergency would have a frightening effect. So in the new law that provision was scrapped. The board may now change reserve requirements "in order to prevent injurious credit expansion or contraction". It does not have to declare an emergency.

### Inflation

The whole point about these excess reserves is that they constitute free resources over and above the funds which must be held to back up deposits, and they can be pyramided up in loans to some ten times their value. With more than \$3,000,000,000 of such excess reserves now in the banks, the equivalent of \$30,000,000,000 in wide-open potential credit is rattling around waiting to be used. So long as it is unused it does no harm. But many bankers have been concerned lest it be drawn upon for speculation, and for abnormal investment such as might develop under fear of any price inflation.

To such an extent was this fear entertained that recently Winthrop Aldrich, head of Chase National Bank, was vigorously demanding that the Reserve Board raise reserve requirements at once. This despite the fact that when the Banking Act was pending in Congress, he fought stubbornly against the board being granted such power at all.

However, the pressure for increasing reserve requirements eased up considerably after S. Parker Gilbert, a partner in J. P. Morgan & Co., published an emphatic argument against such action. He saw no sign of injurious credit expansion which would require such drastic measures. He said much of the excess came from the abnormal inflow of gold from Europe, which might as quickly flow out again. Furthermore, frequent changes in reserve requirements, he felt, might create an exaggerated desire for liquidity among bankers, such as we had in the early days of the depression. He thought that recovery had not advanced to the point where it required such ruthless checking as might result from raising the reserve requirements.

The best informed persons in Washington expect no drastic action in the near future, unless marked changes now unforeseen should occur in the monetary situation. More likely the new board will devote time to careful study of conditions, and move with caution and deliberation.



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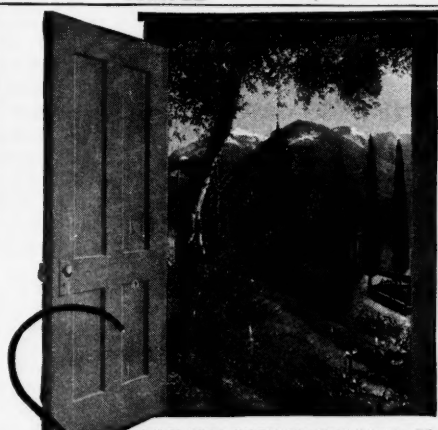
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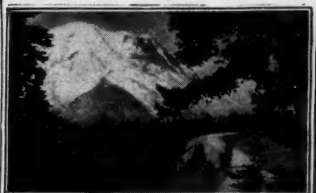
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# THE EDITOR'S MAIL

DONALD RICHBERG's article on the Townsend Plan, last month, brings an avalanche of letters-to-the-editor.

Unfortunately, the Townsendsites as a group have become intemperate, abusive, and threatening to those who dare to hold opinions conflicting with theirs. Their speakers refer to "our enemies"; their deluge of propaganda to Congressmen takes for its keynote "Vote against us and out you go!"

Two letters that lie before us suggest that Dr. Townsend should have been asked to write our article.

## To the Editor:

It has been aptly and pointedly remarked that anyone opposed to the Townsend Plan is lacking intelligence or information.

Why in the name of justice and common sense, if you wanted an honest "interpreting of national affairs" (and the Townsend Plan is the biggest national affair since the emancipation of the slaves), why didn't you get Dr. Townsend or Mr. Clements, co-founders of the plan, to give you the truth?

R. W. Ross,  
Tampa, Florida.

## To the Editor:

By training and experience I am a conservative, yet the Townsend Plan seems to me practical and feasible. It is for that reason I am writing to you to find out whether your magazine will publish an article on Townsendism as outlined by Dr. Townsend. The Richberg article was biased and prejudiced and distorted.

H. L. SALTETER,  
Brooklyn, N. Y.

Another spokesman for the Townsendsites tells us that "it's only the beginning, folks!"

## To the Editor:

I have read "The Townsend Delusion". It is well written but based upon distorted facts and figures.

The first auto, airplane, wireless, and all past inventions which have advanced civilization met with the same ridicule as the Townsend Plan.

It is only in process of formation. Their first plan was to tax industries. They then changed to transactions. The 2 per cent levy will be changed to a 5 per cent levy. To avoid constitutional provisions this levy will replace all present taxation now paid directly by the consumers.

First, by a division of 40 per cent of the total among the states in proportion to population, enabling them to eliminate all their present levies while leaving cities, only, to provide their own revenues. This will, after eliminating all property and nuisance taxes, provide a surplus to take care of our aged and destitute unemployables regardless of age.

The 60 per cent retained by the United States will balance the ordinary budget and provide a surplus for development of water resources, reforestation, soil conservation, flood control, water for

cities and irrigation, etc., providing directly and indirectly for employment of all surplus labor, at living wages which can be manipulated to balance living costs and establish a minimum wage.

MORELL TOMLIN,  
Houston, Texas.

A surprising number of letters come from those who approve of the Richberg article—surprising because it is well known in any editorial room that those who approve rarely take the trouble to write. We quote only a few, the first from the editor of the *Richmond News Leader* and Pulitzer Prize author of the four-volume biography of General Lee.

## To the Editor:

Mr. Richberg's article on the Townsend Plan is the clearest statement of this absurdity that I have seen. If circulated widely it should help to kill off the demand for this impossible pension.

DOUGLAS S. FREEMAN,  
Richmond, Va.

Another letter from the Old South:

## To the Editor:

I want to congratulate you for your foresight in publishing the article by Donald Richberg. It is of timely interest to all thinking men and women.

With business men already taxed to a point where it is a strain to maintain one's business, and with further taxes inevitable, this delusion should be stopped immediately.

While it is true that the Townsendsites are in the minority, many politicians will be glad to sell out the majority for the votes of the few who will be benefited.

RUSSELL E. GARNER,  
Atlanta, Ga.

And this from an octogenarian:

## To the Editor:

I want to congratulate the Review of Reviews for the fine article of Mr. Richberg on the Townsend delusion.

My grandfather left Glastonbury, Conn., on June 1, 1810, having traded a small farm on the Connecticut River for 500 acres of new land here in Ohio. He was the first settler to own land here. Grandfather was a brickmaker by trade in the East, and in 1826-7 he built the substantial brick house which now shelters me. The clay, sand, and lime were all found upon the farm.

About the year 1890 the farmers and many other people outside the big city complained that they were not represented in the legislature as their numbers entitled them. The justice of the complaint was admitted, and both parties promised that the next member of the legislature should be a farmer. I was surprised that I was thought of.

I won the nomination and the election, and found that while I could not please all of our people perhaps I could please the majority. At the close of the two years I was again nominated and elected, and then retired to the dear old farm.

I am writing this letter out of gratitude

for that splendid article which I hope will help so many elderly people to recover their good common sense.

C. O. HALE,  
Ira, Ohio.

Raymond Clapper's article last month raised the question, "Can Congress Come Back"? His argument was threefold: that the legislative branch of government had knuckled-down to the executive branch, that its powers had been curbed by the judicial branch, and that it had been weak-kneed before the clubs of various organized minorities.

The veteran lady Congressman from California points out one avenue to restored dignity:

## To the Editor:

I can tell you very frankly that in my opinion Congress can come back, provided the present topheavy majority in Congress is cut down in the next elections and enough Republicans are elected to make the Congress something more than a rubber stamp for the Administration.

A better balance between the two major parties would tend to restore the legislative branch of the Government to its normal and proper place.

FLORENCE P. KAHN,  
House of Representatives,  
Washington, D. C.

Congressman Blanton of Texas has dared to speak his own views in defiance of minorities. His seat is safe against the grudge of organized labor. But he has brought down upon his head the wrath of Townsendsites. He writes:

## To the Editor:

No honest legislator should ever be compelled to do anything. No selfish group should ever attempt to force Congress to comply with its demands. Legislation coerced by threats is dangerous to the people.

Dr. Townsend and his followers have threatened that all Congressmen who refuse to vote with them will be defeated. The easy way to be reelected would be to join them and keep silent.

What is to become of Congress if we are to be influenced by such threats? I would rather get out than be such a servile, helpless worm.

THOMAS L. BLANTON,  
House of Representatives,  
Washington, D. C.

And this letter from Congressman Millard, of New York State:

## To the Editor:

I agree with Mr. Clapper. Congress is at a very low ebb. I believe that many, many powers have been surrendered to the President which should not have been; and I do hope that at the next session of Congress an effort will be made to take back the powers which are Congress' constitutional prerogative.

CHARLES D. MILLARD,  
House of Representatives,  
Washington, D. C.





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